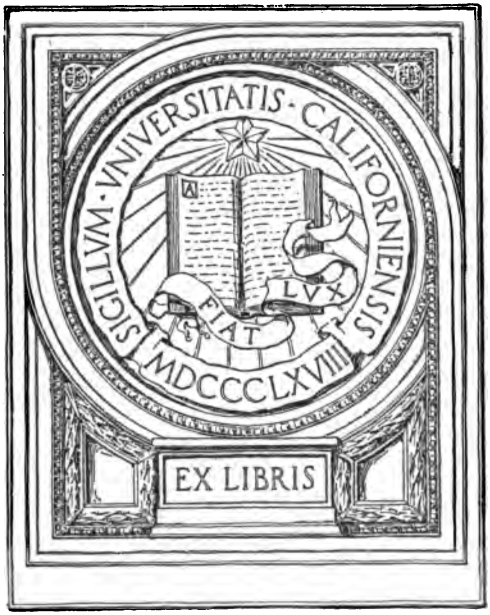
PEACE AND PROSPERITY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"Greatest among you x x x
your servant"

John B. Selden

Oct. 1919

PEACE
AND PROSPERITY

VIA

Justice and Practical Sense

"The square deal."—*Roosevelt.*
"Honesty is the best policy."—*Franklin.*
"Godliness is profitable."—*Bible.*
"Who would be free, himself must strike the blow."
"Speech without action is a moral dearth, and to advance the world is little worth." *See "P. S."*

JOHN B. ALDEN, Publisher,
NESHANIC, N. J.

PREFATORY

Most of the important problems of statesmanship are simple ones, readily understood by any man of ordinary intelligence; and right action, and wise action, "boiled down," are matters of simple right and justice, and of common sense directness to the end aimed at.

Of the world's economic problems two of the most vital, far reaching—far and big almost beyond imagination—are finance and transportation.

This little book deals in outline, only, with transportation, but the just and "sense" foundation is clear; the superstructure can be comparatively simple; the "Men Who Pay the Freight," and the "Labor" that will do the work, will "automatically," given opportunity, work out the details.

The financial problem is dealt with more at length. Most, if not all, that is essential is easily within the comprehension of almost anyone who will give the matter study.

The right solution of these problems means freedom, prosperity, culture, the essentials of "wealth" for the masses.

The wrong solution means commercial antagonism, never-ending economic war, "chains and slavery" (subtile, but binding, killing, as the web of the spider to the fly) for the millions—means luxury, enervating, demoralizing, corrupting, boundless wealth for the few.

J. B. A.

NESHANIC, N. J., 1919.

Gift of John B. Allen

CONTENTS

THREE CENTS WORTH OF PATRIOTISM?

Have you that much? "Sure thing?"

A 3-cent postage stamp will do a lot! Your Congressman wants—*and needs*—to hear from you. The Grafters—the "Interests"—"hearts right there" (song of "Tipperary") are with him every day, and *one* of them is liable to loom larger in his eyes than a hundred (or a thousand?) farmers, or other "common voters"—unless he hears from them once in a while. Just a postal card like this:

> "Dear Congressman Blank. I vote to *unshackle* the Postal Savings Bank. Make it free as the Post Office—and universal—open to the *intelligent* and thrifty American, as well as to the ignorant, timid "Dago." And loan the money to any honest man who will give good security and pay the most interest—not to bankers *only,* at a ridiculous 2¼ per cent."

That postal card will "touch the spot." He *wants* it—*needs* it. Send it quick—better, of course, write in your own way and language.

A "PEACE" ARMY OF EIGHTY MILLIONS

Even the *"shackled"* Postal Savings Bank has, already, over 600,000 depositors, with over $140,000,000 to their credit. (See latest official report.)

"Unshackle" the bank, and make every P. O., every letter carrier, its servants, as they *now* serve for money orders, registered letters and Parcel Post, and there would in a few months be an "army" of eighty million depositors.

Existing Savings Banks (see World Almanac) have now over 11⅓ million depositors, nearly $500 each, average—that ratio would give the "unshackled" Postal Bank about forty billion dollars.

TRANSPORTATION

National Ownership; Private Operation

"Uncle Sam's Automatic Railroad Regulator"

Will not the plans following give us economic peace and prosperity instead of incessant economic war, or commercial antagonism, such as we have had these many years—always since railroads were invented?

Take the railroads out of politics altogether?

Give practically unlimited financial strength, and least possible cost of capital?

Give efficiency of operation in the utmost degree?

Give immaculate justice to investors?

Give equal justice, together with the lowest possible cost of transportation, to the Man Who Pays the Freight?

Give the greatest possible measure of contentment, and of zeal in service, to railroad employees?

Give justice and economic service in the highest conceivable measure to all producers and all consumers whose cost of living, and compensation for labor, are intimately and always affected by transportation cost and service?

We start with things as they are:

Approximately twenty billion dollars of capital now invested in railroads, costs under present conditions—has cost, always, on the average—over 6 per cent. per annum (possibly over 8 per cent.?) over twelve hundred million

dollars a year. This cost, inevitably, is passed along, through the man who pays the freight, to producer and consumer.

Incidental, with this excessive cost of capital, we have always had—always will have—a large degree of financial demoralization—uncertainty, poverty, bankruptcy, manipulation by capitalists and speculators, resulting, to smaller, innocent, ill-informed investors, in loss to them, and gradual transfer of their capital holdings to big financiers—building up multi-millionaires.

Let Uncle Sam supply *all* this twenty billion dollars capital by government ownership (*not* "government *operation*"—see further on) and abundant capital can be had at a cost not to exceed 3 per cent. per annum, a *saving* of fully six hundred million dollars a year in capital-cost, such saving, not for benefit of "capitalists," but for producers and consumers, in *reduced cost of transportation*. Probably the saving would be near, if not quite, a billion dollars a year—at least one-half of present capital-cost.

"Money for 3 per cent.?" Yes, at that, or less, all Uncle Sam can find profitable use for—certain as gravitation—not by "fiat," but by common-sense, square-deal, free trade in finance; justice to thrift and industry. Unshackle our present Postal Savings Bank and in less than one year it will have over eighty million depositors, with such resulting stimulus to thrift, industry and enterprise as the world has never seen, with scores of billions of dollars in deposits. For particulars as to this see "The Industrial Savings Act" already before Congress, with speech of Senator Sheppard explaining and illustrating how and why.

This "Postal Bank" reference is not essential to the "Automatic Railroad Regulator" idea. If you choose to let "Money Interests" finance government ownership at a higher rate, it can be done and still save one-half in the

cost of capital, but such excess cost is needless, and unjustly fastens that much more perpetual tax on cost of transportation.

With government *ownership* (*not* operation), thus, would come the greatest conceivable financial efficiency and strength.

Now let follow the highest conceivable efficiency of interested, alert, intelligent personal initiative, *Private Operation,* under a one-unit system and universal control in manner as follows:

Private Operation, not by "capitalists," inevitably interested to get in "dividends," and by direct and indirect ways, devious and otherwise, all that can be made out of transportation, but:

Private Operation by those "Who (now and always will) Pay the Freight" (human, included) and whose vital interest it is to secure the highest possible efficiency of service at the least possible cost.

These Men Who Pay the Freight include the great mass of the ablest business men of the nation, manufacturers, merchants, farmers—men who are always "on the spot," at every great terminal, at every small country station—always with eyes open to know what ought to be done and how to do it, *"self-interest"* always "prodding" them, "keying them up" to "get results" at least cost—meaning for them, highest profit.

Organize these Men Who Pay the Freight precisely as stockholders are always organized, *giving each a vote* in control and operation according to the amount of his interest—a vote for EACH $100 in freight he pays annually (smaller patrons might have *one* vote).

These Men Who Pay the Freight, automatically and vitally interested to secure best results, would elect (commonly elect the men now in service—thereafter interested to serve *Freight-Payers* instead of Capitalists)—would elect:

(*a*) Local Transportation Boards (say of three or five) at each station or city.

(*b*) Line, or Division Boards of Directors, chosen by *patron Freight Payers* on that line.

(*c*) General Board of Directors, having control over all roads and interests the nation over.

These Boards of Directors would employ and direct and control as similar Boards do now.

But these new Boards are under the "Men Who Pay the Freight," and are *interested* to SERVE, to *reduce* cost, not to get "dividends"—"profits" for capitalists.

The only "Capitalist" interested is Uncle Sam (the "genus" name for Liberty Bond Holders—and of the eighty million or more Depositors in the Unshackled Postal Savings Bank) and "Uncle" wants a "dividend" of only 3½ per cent. (½ per cent. above the 3, cost, the same as the Allies pay). Freight charges must inevitably be high enough to cover cost of operation and of up-keep, and this small dividend. Any Railroad Earnings above these essentials would come back to Freight Payers, in *reduced cost of freight*—and thus come to all Producers and all Consumers in increased price for products, or in reduced Cost of Living.

So organized, the entire National Transportation service would be One Unit, one management, no waste or superfluity of equipment in one place, poverty, strangulation in another—no cut-throat competition between Lines, no favoritism to special shippers, no opportunity for "graft," no "side" Refrigerator, Express, Despatch or other vampire "systems."

The eyes of Men Who Pay the Freight are everywhere, watching for waste, steals, blunders, inefficiency —or watching to reward and promote Efficiency.

Every manufacturing shipper, every merchant who has something to sell, seeking larger market, each with a pro rata vote in control according to his railroad patron-

age, will be interested to extend railroad lines into new territory, to double-track, or quadruple track, improve terminals, wherever such improvements or extensions can be made to earn over 3½ per cent on additional capital, which Uncle Sam is always ready and able to supply when it can be of service to his people.

"Increase Uncle Sam's debt *another* twenty billion dollars—and "then some more"! Not necessarily this amount—pay the just value of the property—a different problem to be solved when we come to it.

It will not, in fact, be any real "increase" of debt at all—practically a big decrease—because these Men Who Pay the Freight *now,* virtually owe it and are daily paying it to railroad stockholders and bondholders in the form of freight charges; the form of debt is changed, only, to Uncle Sam—practically cut in half my reducing one-half the interest-cost. There is "solid" money-earning asset for every dollar of this debt.

"Out of politics!" Completely out of politics.

We all know how sinister and dominating the influence of railroads in politics has been in the past. "All the traffic will bear." "The public be damned." Bribery and blackmail, favoritism, secret rates, cut-throat, wrecking competition, strangulating regulation.

With the railroads completely turned over to "Government ownership and *operation,"* with so-called "statesmen," politicians, in charge, and with about two million employees, to help "regulate" the roads, (or regulate politics and the Government) what riot of *inefficiency* and disservice, might we not anticipate?

The "national ownership" here purposed has for one of its special, most important objects the forestalling and preventing the inefficient, demoralizing kind of "government ownership" which threatens to come, if it is to be a choice between that and the "exploitation" of all commerce by "capitalists."

Don't talk of "regulation" by government! We have had enough of it—incessant, endless "war," the "interests" regulating government, or vice versa, meantime commerce suffering!

But, with Government *simply owning* the roads, receiving its "first lien"[1] 3½ per cent. dividends, and the "self-interest" of "Men Who Pay the Freight," the mass of the ablest business men of the nation supervising the "OPERATION," there would naturally result absolute economic peace and prosperity—utmost efficiency of service, least possible cost of service.

The same principles apply, obviously, to telegraph, telephone and other public service utilities, though these may not be equally instant with the transportation problem.

The nation, state, or municipality can "finance" (no "subsidy"—nothing akin, self-support being assumed) the patrons (who always do pay, directly and indirectly, the bills, and pay dividends on capital) controlling "operation," each patron with a vote having weight in proportion to patronage, thus "automatically" guaranteeing the utmost efficiency of service, and utmost economy in cost of service.

Even milk service in big cities, the city financing, milk-users controlling as one unit the buying and distribution, might easily cut cost of milk to babies and all others fully one-fourth, probably one-third, possibly nearer one-half.

What about Labor in relation to this transportation problem?

Can it also be made to "automatically" serve efficiency and economy in railroad operation?

Let us try.

Labor is "worthy of its hire"—according to scripture.

It *pays* to have Labor at least contented—pays better to have it interested—enthusiastic.

Under this plan, Labor would be serving millions of "Freight-Payers," neighbors whom they know and respect, instead of serving a limited few "Capitalists" who (they think) seek to exploit Labor, and there would naturally be less tendency to antagonism.

Let us organize the "self-interest" and power of Labor precisely the same as we have organized the self-interest and power of the Men Who Pay the Freight.

Give every employee a vote with *weight* in proportion to his earnings—as stockholders always have weight in proportion to investment—as freight payers are given in present plans weight in proportion to the freight they pay; so will a man have influence in some measure in proportion to his merit, *growing* influence as he grows, which will *interest* and stimulate him to grow.

Let Labor elect at least *one* advisory representative to each Board that has to do with railroad operation, and so always be consulted—the "higher up" men of the future are the "small" men of today. Give them a chance to "grow," and watch them grow—fast!

And from the lowest section hand to the highest "Manager" or President let every employee have at least some compensation contingent on time of service, faithfulness, efficiency, success, as shown by results. All this is necessarily a question of detail, to be largely learned and developed by experience. The free, continual consultation of Labor will help enormously to wise solutions of these problems.

WILL "U. S. AUTOMATIC R. R." WORK?

It will work, certainly as gravitation!

It mobilizes to the full the power of "self-interest" and personal initiative, and puts to the front, in charge, the best brain and energy of the mass of business men of the nation.

"The Men Who Pay the Freight" are of practically unlimited resource of capital and skill—they are the sort of men who "find a way or make it."

"Big Business" is in the "same boat" with "little business," the one with no possibility of advantage over the other—"pull together" is inevitable, and "get there" is the goal for all.

Of course no "machine" was ever made, the "first trial" of which did not show room for improvement—some "adjustment" here and some "oil" there. The "School of Experience" is the "best ever" for teaching the way to success, and here we have the school of experience.

"The Men Who Pay the Freight" are "practical" men, who take hold of "things as they are." Railroad Transportation is "a going business" and the men now in charge, heretofore representing, working for, the "owners" who have not yet been paid for the property, but will be paid, fairly, the value they can help to prove to be in the property. The "owners' self-interest" makes sure their "help" and not hindrance in this "private operation." The workers' "self-interest" urges all to "make good" and hold their positions, or win promotion to better ones. The new Board of Directors elected by the Men Who Pay the Freight take over the "machine" as it is, with practical, experienced "crews" in charge, and will simply "speed up" and adjust, improve, strengthen, enlarge, multiply as "practical men" know how to do, continuing existing management, present employees, except as experience shows change desirable.

Text and Comment Thereon of
A BILL

To secure the utmost financial strength, and utmost economy in capital-cost, by National Ownership of Railroads and other means for freight and passenger transportation, by land, water, or air, together with the utmost efficiency and least possible cost of service by means of Private Operation of the same.

Note.—This Bill as presented is meant to be suggestive, rather than final; some points are even tentative. Committees of Senate and House should naturally improve some details.

It is prepared especially with the hope that it may be put before "practical" men, merchants, manufacturers, farmers—all "Men Who Pay the Freight," pay for up-keep and waste, interest on R.R. bonds, all dividends on capital stock, whose vital business suffers when service is poor, or prospers when service is efficient—who of necessity pass along to producer and consumer, with some additions, all excess cost of transportation. Surely these are the men qualified to discuss and solve the transportation problem. Why not put this before the "Men Who Pay the Freight" and give them a chance to talk and suggest?

Sec. 1. There is hereby created the U. S. National Transportation Corporation, the capital stock of which shall be measured and limited only by the need of service and the ability to use profitably, all said capital stock to be subscribed for, owned and permanently held by the U. S. Treasury.

Note.—National credit is to be used in very large amount, but in place of other credit already existing, vastly more expensive to taxpayers; every dollar of debt

will represent live assets earning substantial profit for the national treasury.

Sec. 2. All the members of the Cabinet of the President of the United States shall, *ex oficio,* be directors of said corporation, hereinafter referred to as ownership directors.

(*a*) Said ownership directors shall by majority vote have veto power concerning any matter relating to the business of the corporation, and by unanimous vote shall have initiative power and final authority to order, in any such matter.

(*b*) Said ownership directors shall employ and compensate in its discretion such service as it deems necessary, including the service of the existing U. S. Commerce Commission, for the adequate oversight of all matters affecting the corporation and the performance of duties, compensation for such service to be at the expense of the U. S. Government.

(*c*) It shall be the special duty of said ownership directors to see that charges for Freight and Passenger Transportation shall be maintained adequately high to cover all expense of operation, of up-keep, and to pay into the U. S. Treasury a semi-annual dividend of one-half of one per cent. per annum in excess of the cost to the U. S. of money borrowed for investment in the capital stock of the corporation.

(*d*) Said ownership directors shall cause to be issued and sold to the U. S. Postal Savings Bank, or otherwise, on the best terms possible, U. S. bonds ample to buy, build, equip and supply all legitimate capital needs for the most efficient and profitable transportation service of the nation.

(*e*) It shall be the further special duty of said ownership directors to see that charges for transportation shall be uniform and just to all shippers and passengers, with-

out favoritism to any individual or to any locality; also to see that all purchases and contracts having to do with buying, building, equipping, maintaining or operating shall be in like manner without favoritism or special advantage to any one.

Sec. 3. The operation of the entire transportation system provided for by this Bill shall be as one unit, and not as many competing or co-operating lines or systems, and shall be in charge of Boards of Directors, subject to the oversight of the ownership board as already provided, to be chosen as provided in Sec. 4 hereof, as follows:

(*a*) A National Executive Board in control over all, hereinafter called the Operating Board.

(*b*) Division Boards in charge of such lines or divisions as the Operating Board may for convenience and efficiency in operation designate.

(*c*) Local Boards in charge of each station, city or locality as the Operating Board may designate.

(*d*) The powers, duties and compensations of the Division Boards and Local Boards, and the number in each, not less than three, shall be such as the Operating Boards may fix.

Sec. 4. The members of each of said Operating Boards, Division Boards and Local Boards shall be chosen by election in January of each year, as follows:

(*a*) The Ownership Directors shall first cause to be ascertained and recorded as accurately as practicable, from the records of local railroad stations, and by notices and advertisements to railroad patrons, the names and addresses of all who in the calendar year 1918 have paid freight or passenger transportation in excess of $10 each, and the amount so paid, the same to be claimed as having been paid by the payor, and allowed as paid by the local transportation authorities, such payors of transpor-

tation to be referred to hereinafter as Men Who Have Paid the Freight.

(*b*) Such Men Who Have Paid the Freight shall each be allowed one vote, and an additional vote for each $100 additional transportation paid in said calendar year 1918, and after January 1, 1920, each of the Men Who Have Paid the Freight shall have votes in like manner according to the amounts paid in the preceding calendar year.

(*c*) All votes of Men Who Have Paid the Freight, and all votes of members of said Operating Boards, Division Boards and Local Boards shall be in writing or printing, by written signature, and may be by mail, and inability to write shall be deemed waiver of the right to vote, and all records of votes shall be preserved at least one year.

(*d*) Men Who Have Paid the Freight may each vote for his choice of three (or more, if so designated) persons to act as Local Directors, or may concentrate his several votes on one person. The persons so chosen as Directors shall each have weight of vote in his Board according to the number of votes by which he is chosen. If more than three (or the designated number) have been so chosen as Directors, those so chosen shall ballot repeatedly among themselves till the properly reduced number of Directors is reached, and the weight of vote of each Director ascertained by the number of votes concentrated upon him.

(*e*) Local Boards of Directors thus chosen, all of them along the line of the division of which they are a part, shall thereafter meet at some central point which the Operating Board, or in first instance the Ownership Board, may designate, and shall in a similar manner ballot for and elect a Division Board, the number of members of which shall be determined by themselves, till finally determined by the Operating Board. Each member of said Division Board shall have weight of

vote according to the number of concentrated votes he has received.

(*f*) All the various Division Boards so chosen shall thereafter meet as appointed by the Operating Board, or Ownership Board, and shall in a similar manner elect Directors of an Operating Board, each member of which shall have power and weight of vote according to the number of votes concentrated in his election.

NOTE.—This choosing of Directors is a simpler matter than describing it. It is a mathematically exact way of placing power in the hands of those whom the voters esteem the most capable and trustworthy. The plan is based on the principle of the "proxy" and of "weight" according to "money invested," common in corporate business generally. The result will be that dominant "natural leadership" will lead; two or three men, or possibly even one, will sometimes have more "power" or "weight" than all the other members of the Board—because voters have so willed it. But "minority representation" is there, also, with its due proportionate influence.

Sec. 5. The Operating Board shall have, subject to the superior powers of the Ownership Board, as specified, complete power of control and management of everything relating to the functions of the U. S. National Transportation Corporation, shall employ, direct, and compensate in its discretion all service necessary. It shall have the fullest power of eminent domain which this Act can legally convey, to take over land, water and other property important to the corporation, with reasonable promptness thereafter justly paying therefor with capital supplied by the Ownership Board. This is intended to include the right to take coal, iron and other mines and water power, rolling mills and other factories necessary or important to the best economic transportation service of the nation, but not for exploitation of

such property. It shall have the right to fix and alter charges for transportation, without favoritism to any, with equal rights to all patrons, without unjust advantage to one locality over another, or to one class of freight over another; provided, however, especially that transportation charges shall always be maintained adequately high to provide for up-keep of all the property of the corporation and for paying semi-annually into the U. S. Treasury of a dividend of one-half of one per cent. in excess of the cost to the U. S. Treasury of the money invested in the capital stock of the corporation.

Sec. 6. In the event of the death or disability of a member of the Operating Board, Division Board or Local Board, the remaining members may choose his successor to act during incapacity or till the next annual election.

Sec. 7. The existing Railroad Administration shall continue until the Director General shall receive notice from the Operating Board that it is ready to take charge, when the property shall be as promptly as possible turned over to it.

Sec. 8. As soon as practicable after taking over the property as specified in Section 7, the Operating Board shall proceed to carefully inventory and estimate the value thereof, and the former owners shall also estimate its value, and the two opposing interests shall attempt to agree upon value, and failing to agree each interest shall choose a referee and those two referees shall agree upon a third, and the majority shall determine the value. In case the two referees shall fail to agree upon a third, the President shall make such choice. Upon the value being so determined and the decision being approved by the Ownership Board, said Ownership Board shall cause to be issued and marketed U. S. Bonds and make payment to the original owners. In the meantime rental shall be paid to the original owners in accordance with existing

contracts made by the railroad administration, from the operating income of the railroads.

Transportation Incidentals and Observations

The greatest of all the forces that "do things" in human life are "self-interest" and "individuality"—the one "does it," the other "does it differently," and contrast and competition of the "different" incite men to "get there" lively.

Nine-tenths of the world's work, if not nearer ninety-nine-hundredths of it, is thus done by self-interest—life's luxuries and necessities brought to our doors without hurry or worry on our part.

Mixed with all this thought of "self" there may be, and is much of thought of justice and honor, and of the spirit of "altruism"—which, if strongly impregnate about doubles the "horse power" of the "ego"—but the prime force that never ceases to inspire and *push* is "self-interest."

Here "hitched up" with the strongest financial resources and power the world has ever seen—the measureless credit of "Uncle Sam," we have the "self-interest" and "individuality" of the great mass—practically *all*—of the business men of the U. S., manufacturers, merchants, farmers. Each is compelled by the nature of the "hitch," when he works for "self-interest" to work also for the *interest of all.*

The aim is *necessarily* the most efficient transportation service, the least possible cost—and *all* benefit, no possible favoritism, to individual, to locality, to class of freight.

Local Boards of Directors, of villages or larger towns, or great terminal cities, are chosen by the local patrons, Men Who Pay the Freight—chosen from among themselves, neighbors who know each other. Those most interested, alert, the men who "get things done," inevita-

bly come to the front, and each is given power measured by the confidence he commands, not "equal powers" (always fiction, not fact, for some one "dominates" in almost any effective board).

In small places the Local Board will probably be three—and a dominating alert one will do most of the work, or have oversight of it. In larger places Boards will be larger. Their numbers, their powers, duties, compensations will be decided by the great Operating Board of the National Organization, which controls and orders everything, as a General Staff controls a great army.

Once a year all the Local Board members meet together and elect a superior Division Board (which will be under the National Operating Board) each member being given "weight of vote" according to the concentrated "weight of votes" he receives. And these various Division Boards likewise meet and elect in the same manner, with same "accumulated weight of vote," the National Operating Board, the number of members and the compensation being fixed by vote of the Division Board members. The National Operating Board powers and duties are fixed by the law organizing the corporation.

Each Local and Division Board inevitably has its "interests"—to get the most and best service at the least practicable cost for its locality or line. It is always "on the spot," has knowledge and initiative—and "can get anything it wants" in reason, when it shows that "what it wants" will *"pay"* the cost of the capital "what it wants" involves, and "something more" for safety of "Division" and for the national system.

If capital costs (say) 3½ per cent., and a local elevator, cotton, or potato warehouse, a gigantic hay press, a creamery, a new "feeder" trolley freight-passenger line —anything that will bring business to the road, enlarge markets for shippers—if any or all can be made to

"earn" 10, or 7, or even 4 per cent. (perhaps) "Uncle Sam is rich enough" to give us all we want—*if it pays!*

And the records show "what pays." While the whole national system is "one unit," accounts are kept so it is easy to tell where and how much "income" exceeds cost of investment, or vice versa.

At the great city terminals, of course, is where the "one unit" idea counts most and shows most effectually —no more "competition," all one "happy family" seeking the best possible "least-cost service" of commerce and travel.

No more "vampire" "inside," express, refrigerator or other "systems," no favored "contractors" for betterments, extensions, to suck the life-blood profits from Uncle Sam's Railroad. The national Operating Board has its own engineers, a great army of tested officers who can organize and superintend forces that can do anything that can be done by "somebody else at a profit" for the Corporation. If sometimes the Corporation buys, "outside," locomotives, rails, or anything else, it knows from its own "cost records" in its own shops what it buys is worth, and will buy for its own "convenience" and not as a "favor" to a big "client" or "capitalist."

Water and Air Transportation

Of course the "Men Who Pay the Freight" want all possible *profitable* economic facilities for transportation wherever freight or passengers want to go, and river and canal will be used heavily, all as "one unit" with the railroads—including coast and Panama Canal—and why not also allow Cuba, West Indias generally and South America—and why stop even there?

For foreign transportation generally a separate "American-Foreign Transportation Corporation" might well be organized along the same lines as that of this Inter-State Corporation, to be "financed" by the nation and "operated"

by the "Men Who Pay Foreign Freight"—vitally interested to secure the greatest possible efficiency of service, and least possible cost of service—*small shippers* (comparatively) having the same benefit of low cost as the large shippers who transport millions of tons—low cost, obviously being passed on for benefit of producer and consumer.

As "ships and more ships" under its own control are to be counted as vital for the future prosperity and PEACE of "Uncle Sam" and the world generally, this "American-Foreign Transportation Corporation" might (with perhaps independent *private* American Citizen transportation) be given the monopoly of *one-half* the total foreign-American transportation, the other one-half fairly being left open to competition of the other nations of the world.

Air transportation is, of course, a matter of future development. The "experimental part" of it will doubtless be pressed at the expense of the U. S. Army, Navy, and Post Office; the U. S. A. A. R. will "take a hand in the game" only to the extent that it can be done with early anticipated *profit* in view.

FINANCIAL JUSTICE AND INDUSTRIAL SAVINGS

"For Uncle Sam and World Peace."
"Unshackle the Postal Savings Bank."

The first quotation above was the title of a portion of this paper issued as an appeal to immeasurably help win the world war by a bit of plain financial justice to industrial patriots. The war is won but "godliness is profitable" for time of peace as well as time of war, so we still give the quotation place.

To get anywhere we must always "start where we are" —start with things *as they are.*

We now have a Postal Savings Bank—we start with that.

Every other savings bank in the world makes the pretense, at least, of security for depositors the largest practicable returns for their money, with absolute security, and perfect availability. Uncle Sam's Postal Savings Bank is "shackled" by the opposite rule—it attempts to get as much money as possible from depositors for *the least interest possible.*

There were at one time about seven hundred thousand depositors, almost entirely limited to poor, but provident, ignorant, timid foreigners—so limited by the fact that no intelligent American will deposit in the Postal Bank under present dishonorable restrictions.

These seven hundred thousand timid, ignorant depositors have placed about one hundred and forty million dollars in the Postal Bank, for which they get the ridiculous

(wicked) rate of two per cent. (only) interest. What is done with their money? Instead of giving Uncle Sam the benefit of the money, the benefit of the low two per cent., ninety-five per cent. of the money is turned over to bankers for two and a quarter per cent.—and the bankers loan it to Uncle Sam for four and a half, or loan it, possibly, to farmers or others for productive purposes at 6 per cent. or MORE, plus commissions to somebody.

Is this the "square deal"? Is this, if technically "honest," *honorable?* Is it "godly"?

Shall you and I "stand by consenting," like Saul at Stephen's stoning, while such wrong is done? And if a bank accepts the benefit of this "2-per-cent. money," does it not *more* than "hold the clothes of them that stoned"—hold some of the *contents* of the clothes of *them that are stoned?* Do editors, who join the "conspiracy of silence," speaking no word of protest, or of exposure of wrong—are they guilty of "hush money" in accepting "financial advertising" and "keeping still"? One hesitates to believe honorable bankers and editors consciously "guilty"—"they know not what they do" is sad truth often applying.

And what about the "wrong"—(and the economic folly!) of excluding from any use of the Postal Savings Bank the scores of millions of intelligent, thrifty, patriotic Americans by limiting interest to 2 per cent. and by limiting the right to deposit at all more than a petty sum instead of inviting "without limit" as commercial banks always do? "Limit 2 per cent.," when the market price for money is from twice to five times two!

We now propose:

"A Bill to amend the Law relating to the Postal Savings Bank, in the interest of justice to depositors, also in the interest of farmers, and other small industrial borrowers of money, and in the interest of the nation at large."

In the interest of depositors—of borrowers—of the nation at large; is there any other, any special limited class, or favored few, whose "interests" shall dictate and distort the plan and purpose of the law of the Postal Savings Bank? Patriotism says no!

Justice stupendously stimulates patriotism. "Hyphenated" depositors in, and producing borrowers from, an unshackled Postal Savings Bank would be few, and quickly, "automatically" cured!

In the interest of Depositors:

The "Unshackled" Postal Bank we are attempting to rebuild on a basis of mathematically exact justice. The first man to rightly claim "justice" from it and all concerned, is the man who has the money—the depositor, whether he has brought his hard-earned hoard of $10 or $1,000,000. He is "inalienably" entitled to get for the use of that money the *most that anybody will give for it,* with ample security, just as the farmer is entitled to get the same for his wheat, or the workman for his labor.

In the interest of Borrowers:

The man who wants to borrow money has no "rights" in the case till he is able to offer satisfactory security, then the borrower who will give the most, whether he is banker, barber, butcher or farmer, has the right to get it—the amount he will pay for its use is, presumably, the legitimate measure of his need, or of his *ability to use at high profit.*

But, given a "square deal" to both depositor and borrower, no fear but in this rich nation, there will be plenty of money to "go round," at a fair rate of interest—both better and fairer than either (average man) gets now.

"Cheap money" never can exist, as it is imagined by many, except as it is made cheap by some "hocus pocus" and *injustice* to somebody, in the end the taxpayer, which, ultimately means more the man who labors than anybody else.

The "cheapest money" possible will come about precisely as will cheap wheat or cheap shoes—by the *producer's* increasing ability to get larger "crops" for his labor. When we "all get rich" (or more of us) money will go begging for borrowers at a fraction of present rates of interest.

The "justice for the farmer" (and all who labor) we seek *via* an unshackled Postal Savings Bank is that he shall have the *right and ability* to borrow money as cheaply as *anybody,* even the banker, on equal security.

Here is provided the "square deal"—so universally popular with patriotic Americans—"free trade" in finance, money, and credits, not special privilege to bankers, farmers, or any other class.

The following Bill, here slightly amended, has already been presented to Congress, in two successive sessions, introduced by Senator Morris Sheppard of Texas. It will be again introduced, in Senate and House, *till it gets consideration.* As its plans are much broader in scope than those of the original Postal Savings Bank, it is given the title

THE INDUSTRIAL SAVINGS ACT.

"Section 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this act shall be The Industrial Savings Act."

"Sec. 2. All the members of the President's Cabinet shall, *ex oficio,* constitute a board of trustees for the administration of this act, hereinafter to be referred to as the Industrial Savings Board."

These officials broadly represent all the basic economic interests of the nation. They are appointed by the President and confirmed by the Senate. They guide and shape the policy of the bank established by this bill, within the

very definite limits which it provides. They will not have time for the work in detail, but they will fashion general policies, choose and supervise competent heads and principal employees, who will do the work, under the safe, businesslike rules of the Civil Service Commission.

'Sec. 3. For the proper and efficient organization and conduct of the business of the Industrial Savings Board it shall appoint, under the rules of the Civil Service Commission, a first chief, a second chief, and a third chief, having such powers and duties as the board may designate; also such other assistants, attorneys, and other employees as the board may consider necessary. The compensation of the persons so appointed and other expenses of operation under this act shall be such as the Industrial Savings Board may authorize, and shall be paid from the profits of the Postal Savings Bank."

This section takes the Postal Savings Bank out of politics, and provides that expense of operation shall be paid from the profits of the bank by depositors and borrowers, instead of being taken from the pockets of taxpayers by appropriations from the Treasury. The wisdom and fairness of this section would seem to be beyond question.

"Sec. 4. The Industrial Savings Board shall, as soon as possible, take over the control of the existing Postal Savings Bank, the details of its administration to continue in connection with the post offices throughout the country, under the direct supervision of the Postmaster General acting for the board.

"Sec. 5. As soon as arrangements can be made therefor every post office, postmaster, and all letter carriers and other post office employees shall hereafter be made to serve the people through the Postal Savings Bank as they now serve them for letters, money orders, registered letters and parcel post, without limitation, the manner of such service being as in this act provided, and all limita-

tions on the amount of deposits in the Postal Savings Bank are hereby removed.

"Sec. 6. Postmasters and other employees in the service of the Postal Savings Bank at the time of the transfer of said bank to the Industrial Savings Board shall continue in office until it is found from experience that any one of them is inefficient, when such employee may be removed according to rules and regulations which the board shall establish, with the approval of the Civil Service Commission, and the successors of those who may be removed shall be appointed under the rules of the Civil Service Commision."

The Post Office Department is already one of the most enormous, best organized, best equipped, and best conducted business plants in the world. In connection with the enlarged Postal Savings Bank it is proposed almost to double, or more than double, its utility at an increase of expense remarkably small when results are considered. This act will establish within the Post Office Department the largest, strongest and mose useful financial institution in the world.

There is to be no limitation as to the amount anyone may deposit. Letter carriers, rural and city, must accept deposits for the Postal Savings Bank, and deliver receipts as they must accept and deliver letters, money orders and parcels. Also they may, if desired, take certificates of deposit and checks to the bank, cash them, and return the proceeds to the owner. They are agents both of the bank and the people. What a service this will be to the masses of the people, who need not leave their homes or other places of business in order to deposit their savings or draw funds as they may need them! The Government thus maintains a perpetual open door to thrift and economy, the great permanent foundation of general prosperity. See also Section 18.

Every existing bank in the United States, in good

standing, as well as every post office and letter carrier, may receive deposits and make payments, and the banks may make loans, for the Postal Savings Bank, as provided further on in this bill.

Taking our population in 1910 (now, of course, largely exceeded) and the deposits in the existing Savings Banks of the State of Connecticut (which are far from being "unshackled" as here provided), as a basis of comparison, the nation would have in the Postal Savings Bank 54,074,000 depositors (instead of a beggarly 600,000 as now) and $27,987,000,000 deposits instead of only about 140 millions as now.

These big figures are, in fact, *less than half as large as should be* the reality, for reasons which will appear further on.

Note that, incidentally, here is legitimate "government guaranty of deposits," simply because "Uncle Sam" is "custodian," as he is for money-order money, and one is "dead sure" of getting out what is put in. No "runs" on "Uncle Sam's" Postal Savings Bank "for fear," as is possible with all other banks.

"Sec. 7. Of the funds which are now or may hereafter be deposited in the Postal Savings Bank, not to exceed 25 per cent. of the balance of deposits at any time, may, in the discretion of the Industrial Savings Board, be invested in the bonds of the United States, bearing 3 per cent. interest, or bought in the open market at the lowest obtainable price or bought at such price from the Treasurer of the United States. Any portion of said bonds may, in the discretion of the board, be sold in the open market at the highest obtainable price or sold to the United States Treasury at such price. In times of war the bond investment specified may be increased in any amount up to 90 per cent. of the balance of deposits, and the rate of interest on bonds increased to 4 per cent., or in the discretion of the Industrial Savings Board."

This section affords financial preparedness for the nation on a scale hitherto unparalleled. The investment in United States bonds is an opportunity, not a requirement. The Postal Savings Bank will naturally tend to absorb all available United States bonds on the market, and thus tend to reduce the interest rate the United States will have to pay for loans. The right to sell any portion of the bank's United States bonds in case of need provides a liquid reserve power that is not excelled, if indeed it is equalled, in the financial world, since the bonds of the United States have a world market well-nigh without limit.

While the sale of U. S. bonds will be, as now, open to individual buyers, and such sale should be in amounts of billions of dollars, it is here contemplated that the great mass of small buyers will prefer that their own Postal Savings Bank shall buy and hold the U. S. bonds for them, their personal individual holdings being Certificates of Deposit in the Postal Savings Bank, which are always instantly available at par (as deposits in solvent banks always are available) and which pay depositors approximately the same rate of interest as the U. S. bonds.

Indeed, Certificates of Deposit in the Postal Savings Bank should earn depositors even higher rates of interest than do the U. S. bonds, because much of the bank deposits, being loaned "to highest bidders" offering good security, will command higher rates of interest than the U. S. need, or should pay.

"Sec. 8. No other investment of the funds deposited shall be made, but with the exception of a working reserve, the amount of which shall be determined by the Industrial Savings Board, the balance of the funds shall be loaned at the highest obtainable rate of interest on what, in the discretion of the Industrial Savings Board, is considered as adequate security, in manner as follows and as in this act further provided:

(*a*) Preference shall be given—

(1) To small loans over large loans.

(2) To short-time loans over long-time loans.

(3) Loans adequately secured by readily marketable collateral over loans on real estate or other less-readily marketable security.

(*b*) In accordance with the above the board shall, from time to time fix the rate of interest to be charged according to the supply of and the demand for loanable funds, the profit and security of the depositors being the basis of decision, the maximum rate for loans not to exceed 5 per cent. per annum.

(*c*) The borrower shall always be required to protect the market value of his collateral, as is customary with other banks making similar loans, either reducing the loan or providing additional security in case of falling market.

"Sec. 9. That the Industrial Savings Board shall give clear and ample publicity to its rulings as to character of securities required for loans and the terms of such loans, under the following limitations:

(*a*) Loans not to exceed 95 per cent of the market value of United States bonds or the bonds of States.

(*b*) Not to exceed 90 per cent. of the market value of such other securities as are now admissible investments under the existing laws of New York or Massachusetts for savings banks or as are estimated by the Industrial Savings Board as of equivalent good standing.

(*c*) Not to exceed 85 per cent. of the market value of wheat, cotton, or other non-perishable products, so called, in safe, adequately insured public storage, under regulations as the board may prescribe.

(*d*) Loans against marketable collateral shall be made at any Bank of Issue and Redemption provided for un-

der Section 15 of this act, in accordance with rules and regulations made by the Industrial Savings Board."

These sections contain conservative and practical provisions insuring the safe and proper conduct of the bank. The borrower must protect the market value of his collateral, and no collateral is accepted at its full market value. All borrowers are on an equal footing—the banker, the merchant, the farmer, the millionaire, the man of limited means. If any preference is shown at all, it is to the small loan over the large one. The farmer is enabled to borrow money on non-perishable products, properly stored, to the extent of 85 per cent. of their value.

"No other investments shall be made." The bank is to take no risks on rise or fall of market prices. It will loan only against good security, the borrower taking all market risks.

The laws of New York and Massachusetts are referred to above merely as examples of laws defining security. All the provisions of these laws may not be found applicable to the Postal Savings Bank, especially those relating to local bonds. The savings bank laws of all the States and of foreign countries should be studied and their best features adopted and covered by rulings of the board.

"Sec. 10. Not to exceed 50 per cent of the deposits in hand at any time may be loaned for such length of time, not to exceed 50 years, as the Industrial Savings Board may specify in its regulations, and with or without amortization, payments, as the borrower may prefer, to an amount not to exceed one-half the appraised value, on unencumbered real estate in States and Territories where laws for the protection of creditors are by the Industrial Savings Board deemed adequate and fair, in manner as follows:

(*a*) Through any national bank or other incorporated bank or corporation whose business is dealing in or guaranteeing real estate mortgages and which is subject to the

examination and control of the United States Treasury or of the banking department of any State which in the estimation of the Industrial Savings Board adequately protects depositors, loans may be made to an amount at one time outstanding not to exceed ten times the capital and surplus of the bank or corporation, which shall be required to guarantee the prompt payment of the principal and interest of the loans made through said bank or corporation.

(*b*) The bank or corporation shall be entitled to a commission of 5 per cent of the interest paid on such loan by the borrower (or such less per cent as the board may prescribe), who shall not be subject to any other charge except the necessary expense of examination of title and drawing papers, which charge may be fixed by rules of the Industrial Savings Board, all terms and commissions to be uniform throughout the United States."

Note that loans on real estate are to be made through banks and other financial institutions of established standing which guarantee principal and interest, for a small commission on the interest paid. The borrower pays the expense of examining title, drawing papers, and so forth. Savings banks generally lend more than 50 per cent of their deposits on real estate, while building and loan associations invest in this way nearer 100 per cent of their funds. The banks through which real estate loans may be made have established machinery and facilities for making loans. They have the necessary knowledge of local conditions and personalities. Self-interest will prevent them from making excessive or risky loans, and they can probably do this business at less expense than that with which the Postal Bank could itself organize and conduct a safe loan board. If they are compelled to foreclose, they will be entitled to such costs and fees as the courts allow.

The commission in the great cities allowed agents for

collecting rents is from 1 to 5 per cent of the rent—commonly 2 per cent for large buildings. The monthly collection of rents is certainly more onerous and expensive than the collection of interest on mortgages once or twice a year. Interest is the rent of money. The commission runs during the life of the loan and is payable annually.

Let us illustrate. A bank with $100,000 of capital will first loan its own funds to such extent as it pleases, under legal limits; then it may loan for the Postal Bank to any amount not exceeding $1,000,000. Interest on loans of $1,000,000 at 5 per cent is $50,000 a year; 5 per cent commission on such interest is $2,500 a year. Thus its loans for the Postal Bank produce a perpetual income of $2,500 a year, with trifling, if any, additional rent or clerk hire. How many times, under present conditions, are the banks compelled to quit lending because of lack of loanable funds? Here there will never be such lack.

Note further that this commission of 5 per cent is double that allowed for dealings on the New York Stock Exchange, and still further that it is annually renewed during the life of the loan, instead of being paid but once, as on the New York Stock Exchange.

"Sec. 11. Personal loans without requirement of collateral security by the Postal Savings Bank may be made in manner as follows:

(*a*) The borrower to make written statement showing his assets and liabilities; the amount of loan not to exceed $1,000; the length of time, which shall not exceed one year; the purpose for which the loan is to be used, which shall be in accordance with the stated purpose of this act; which statement shall be attached to the borrower's negotiable note.

(*b*) The principal and interest of the loan to be guaranteed prompt payment by a bank or corporation, as in

Section 10 of this act, which shall be entitled to a commission of 5 per cent of the interest paid thereon, or less, as the board may direct, the borrower being subject to no other charge, and the total of such loans at one time outstanding not to exceed five times the capital and surplus of the guarantor.

(*c*) The limit of the loans specified in (*a*) of this section, if after two years' trial is deemed too small for the best results, may be extended by the board from time to time to larger specified sums, the terms to be uniform throughout the United States."

These personal loans are to be made without collateral through the banks, other financial institutions, and so forth, which guarantee principal and interest, for an annual commission of 5 per cent on the interest. The bank through which the loan is made may exact what security it pleases.

These personal loans should amply meet the wants of small farmers, mechanics and even merchants, for short-time loans to provide for planting and marketing crops, or other temporary needs.

Here is the possibility of $1,250 additional income a year for the bank with $100,000 capital. Remember that the bank has the opportunity first to utilize its own capital on the "pick" of the loans. So we have an annual profit for the bank in question of $3,750 for handling the funds of the Postal Bank, the borrower getting his funds at 5 per cent or less. Now observe further, that this profit may be doubled by the commission received by the bank on the deposits it receives and maintains for the Postal Bank under Section 20.

As agents for the loan of Postal Bank funds there will be legitimate profit for commercial banks of probably $100,000,000 a year in return for honorable, highly useful economic service.

If the Postal Bank can earn its depositors 4 per cent,

commercial banks, with greater initiative, and warrant to take risks, which the Postal will not take, can earn their depositors even more—and they can always serve the worlds of commerce and manufacture as the Postal Bank can never do.

Nothing is more profitable—economically profitable—than simple, even-handed justice, which is here proposed for depositors and patrons of the Postal Savings Bank, and for the benefit of the nation in times of war or of peace.

"Sec. 12. To induce the largest possible savings and serve the greatest possible convenience, security and economy of use to depositors and to the Postal Savings Bank, the Industrial Savings Board shall cause to be prepared and issued certificates of deposit of the size and form, but different in color and appearance, of customary bank currency, the said certificates being of the following tenor and in manner indicated:

(*a*) Issued (year?) — January, February, March, April, May, June, July, August, September, October, November, December.

Day—1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31.

The United States Postal Savings Bank has received from (here the depositor will write his signature or not, as he pleases, thus identifying his signature on the back when he passes the same) $10 (or other specified sum) and will pay the same, together with all net interest earned hereon, the interest compounded semi-annually, on surrender hereof properly indorsed. If no signature is written, payment shall be to bearer. Interest shall begin on the first day of the month indicated by cancellations in the margin, and shall terminate the last day of the month preceding payment, also shall terminate five years after date of issue, but any certificate may at any

time be surrendered in exchange for a new issue of current date.

Issued and payable at Washington, D.C., but procurable or cashable through any post office or authorized bank.

(*b*) Certificates in this form shall be issued in denominations of $1, $2, $5, $10, $50, $100, $1,000, and larger, as the Industrial Savings Board may order.

(*c*) Certificates similar, but bearing no interest, shall be issued in denominations of $1, $2, and $5 and $10.

(*d*) To encourage the beginning of deposits, and also serve the convenience of those who desire them in preference to coin money, certificates payable to bearer, without interest, shall also be issued in denominations of 5 cents, 10 cents, 25 cents, and 50 cents, of size and form similar to United States fractional currency issued in 1862 and later.

(*e*) An additional form of Certificate of Deposit of similar purport to (*a*) shall be a Registered Certificate, issued in multiples of $100, the principal payable at any time on surrender, properly indorsed, the interest to be remitted semi-annually, all details, including manner of registration, being according to regulations of the Industrial Savings Board.

(*f*) Simple printed instructions for their use may appear on the front or back of each of the various certificates.

(*g*) These certificates shall not be legal tender nor in any way indicated as "money," but may pass from hand to hand by mutual agreement as is done in the case of "certified" or other bank checks.

(*h*) Checking accounts may also be permitted by depositors who carry an average balance over $500, at cities designated and in accordance with regulations made

by Industrial Savings Board, interest on daily balances to be paid on such accounts semi-annually."

You give the Postal Bank $10 in gold, or what will get the gold, and you prefer this certificate to gold because this earns compound interest. Printed tables will tell you its value at 4 per cent or other interest for any number of days, months, or years. The bank loans your gold, "on call," on security of municipal bonds, at 4 per cent; or on wheat or cotton for a month or a year at 5 per cent; or on farm mortgage, 5 years, at 5 per cent, to the highest bidder in each case. Whoever gets the gold, of course, deposits it again in the Postal Bank and takes a certificate like yours, and the bank of course loans the gold again, and so on, perhaps ten times over, so that $10 gold is earning possibly 50 per cent per annum, and the Postal Bank still has that gold to loan to the next man! This shows how banks have got rich in the past; how depositors will hereafter get, not rich, but each what his money fairly earns. Nobody wants to keep that gold any more than you want the man's yardstick when you buy 10 yards of muslin. If you get certificates of deposit, drawing no interest on their face, the bank loans the gold, just the same, and so earns increased interest on your $10, $100 and $1,000 certificates.

This "automatic money mobilizer" does away with all necessity for the clumsy, antiquated "individual accounts" bookkeeping methods, and will reduce bank expenses in that respect to one-fourth or one-tenth of present cost and be far more convenient for depositors, and just as safe as present clumsy method.

Instead of clipping coupons twice a year as in U. S. bonds, the depositor simply *pays out* part of his holdings, those he retains growing in compound-interest value.

These certificates of deposit, each virtually a "certified check" (certified by Uncle Sam) will be good anywhere in the U. S. just as gold certificates are good anywhere,

though the gold is in the U. S. Treasury vaults. Thus they will serve "for exchange" and tend to do away with the present cumbersome and vastly expensive "exchange" system.

Postal Banks will almost never pay out real "money" at all, but pay out, instead, because *preferred*, only its own certificates of deposit, which serve every possible purpose of real money, and every dollar of which earns interest for depositors every day it is outstanding.

These certificates will make the money in your pockets, cash drawer, or safe, draw interest for you while you hold them, for the next man when you pay them over—will buy anything which gold will buy—will buy gold itself. Nobody, but bankers (as basis for larger credits, and for foreign exchange) wants gold, which in possession earns no interest, but will prefer these certificates which in possession do earn compound interest.

Everybody, even pro-Germans and pacifists, will gladly turn over to the Postal Bank, in exchange for these certificates, every dollar he has, every dollar he gets in the future, that it may earn him 4 per cent or other interest—*all* will "flock" to deposit earnings in the Postal Bank as hungry men coming to a feast (no need for "Barnum circus" advertising methods, semi-hysterical, undignified appeals to patriotism to buy "Liberty Bonds," buy "War Savings Stamps") which by approval of all Postal Bank depositors will have preference to the extent of Uncle Sam's need for Postal Bank investments.

Every banker knows, as do most of the well-informed, that of all the so-called "money" in existence, nearly one-half of it is not at one time in any bank. Some of it is foolishly "hoarded" by those "afraid of banks," but most of it is just "idle money," in your pocket and mine, earning nothing, "no good" at all till we pay it out for something we want. Ever since banks were invented bankers have been trying to "corral" this elusive outside money, "going to waste" just as much as water running

over the dam instead of through the turbine is wasted (dam foolishness?). This simple device of a negotiable Postal Bank certificate of deposit will naturally and certainly as the law of gravitation, as the law of magnetism draws bits of iron, "chase" this "money" out of your pocket and mine, even out of knot-holes, stockings, tin cans and other hiding places, into existing banks, approximately doubling the foundation resources of banks. There it will be loaned, redeposited and loaned again, in a way bankers know how, till the near two and a half billion dollars of now "idle money" is multiplied to thirty or more billions of available useful "credits" —perfectly good, not so much because always "payable in gold," as because based on solid property assets, earning or growing into money or what brings money. This will practically nearly "double the money crop," and as doubling the crop of wheat, or cotton tends to "cut the price," so should this tend to reduce interest (the "price" of money) to Uncle Sam, when he wants to borrow money to fight with, or to you and me if we want to borrow to build a silo, buy a farm tractor, or build a home.

Obviously a feature of infinite value incidental to this plan is its incitement to thrift and saving—universal, far-reaching.

The present gold basis of all money will in no way be altered. Of course, actual gold will be called for only as limited commercial exigencies compel its use, because gold in possession earns no interest, while certificates of deposit in the Postal Bank in possession earn compound interest.

Take emphatic note that nothing is here suggested in the line of "fiat money" nor even of "inflation" of credits.

Every bit of paper is to be on "a parity with gold"— certificates of deposit are made so good they are to be preferred to gold.

The essence of "inflation" that is vicious, is so-called "money" not based on *reality,* or credits not based on solid security, but on "speculative" values, rather than on the earning, creating power in the investment made.

Here is proposed only ("inflated"?) credit to Uncle Sam, based on his power of taxation of over 100 millions of patriotic, money-earning, wealth-creating Americans—and loans to such "creators" of wealth only as are wanted for legitimate use and to borrowers who are able adequately to secure the loan—by, for instance, the pledge of Liberty Bonds, or of wheat, or cotton, or farms, or other things that are safely, on the average, fire, flood, and earthquake proof.

"Sec. 13. The Secretary of the Treasury is authorized hereafter to deposit any money in the Treasury, in the Postal Savings Bank (without requiring security therefor) as he does in other banks of deposit, and shall, so far as practicable to do so, make disbursements from the Treasury in the form of certificates of deposit in the Postal Savings Bank."

"No security" is required for deposits of Treasury funds, because in the Postal Bank they are in the custody of the Government the same as when in the Treasury itself.

Thus the U. S. Treasurer need not (but may do so) any more offer bonds for sale, but can simply issue them to the Postal Bank in exchange for certificates of deposit which he will pay out—the workman will prefer them to money for wages, the farmer for grain or stock, the mine owner for coal, and so on.

The U. S. Treasury may continue to deal with commercial banks the same as now, but with the Postal Bank also.

"Sec. 14. All banks in the U. S. may hereafter deposit their funds in the Postal Savings Bank, and certi-

cates of deposit issued therefor may be counted as part of their legal reserve."

Of course banks may continue so far as they desire to carry gold and other "reserves," and those having foreign relations, especially, may naturally do so to an extent, but these certificates of deposit represent such assets in the Postal Bank, and therefore serve the same end, and they earn interest for the depositing bank, while the gold they carry in reserve earns nothing.

Thus the Postal Savings Bank becomes a gigantic "ally" rather than competitor of existing savings and commercial banks—becomes *one* vast "reservoir" (not many thousand separate, competing banks) into which everybody, other banks included, pour deposits, and draw them out again, with interest, as wanted.

"Sec. 15. That at the county seat of every county in the United States, or similar civil divisions otherwise called, and in such other cities as the Industrial Savings Board may specify, post offices shall be designated as Postal Savings Banks of Issue and Redemption.

(*a*) Such banks of issue and redemption shall issue and record as required by the Industrial Savings Board certificates of deposit as described in Section 12 hereof, in exchange for bankable funds as per regulations made by said board, and may redeem the same, whether issued by itself or by other similar banks of issue and redemption, either in money or in new certificates of deposit, as the applicant may desire.

(*b*) Each depositor in said banks shall record his signature and address in duplicate with the bank on a record provided, as is customary in commercial banks, so that indorsements of signatures on backs of certificates may be verified when desired.

(*c*) These banks of issue and redemption shall supply minor post offices in their region, and letter carriers, with

facilities for serving all who desire to do business with the Postal Savings Bank, requiring such security as may be necessary from those handling the funds of the bank or its patrons.

"Sec. 16. The Industrial Savings Board shall designate 12 or more districts covering the United States, in a central city of each of which it shall cause to be organized a district bank which shall act as clearing and reserve bank for all the banks of issue and redemption within the district, in accordance with rules and regulations of the Industrial Savings Board.

"Sec. 17. The Industrial Savings Board shall further cause to be organized in the city of Washington, D. C., in the Post Office Department, a national central Postal Savings Bank, which shall act as clearing and reserve bank for the 12 district banks, and may have direct dealings with and oversight of all the county banks of issue and redemption as the Industrial Savings Board shall order.

"Sec. 18. Every smaller post office and every letter carrier may, in accordance with regulations made by the Industrial Savings Board (adequate bonds for safety being required), as convenient, keep in hand limited amounts of certificates of deposit, secured from the local county banks of issue and redemption, to be given to known applicants in exchange for bankable funds to be forwarded to the county bank of issue and redemption, and may also redeem small certificates of deposit as can conveniently be done. Such post offices and letter carriers shall also give proper receipts, to applicants, for bankable funds or for certificates of deposit, to be sent to the county bank of issue and redemption to be exchanged for money or other certificates of deposit, and deliver the same to said applicant in exchange for their own receipt originally given to the applicant.

"Sec. 19. Each county bank of issue and redemption and each district bank shall keep in hand such working balance as the Industrial Savings Board shall direct, the county bank forwarding any surplus to its district bank, and the district bank any surplus to the national central bank, and each of said banks shall make loans as authorized by the Industrial Savings Board, the county bank drawing for funds when necessary on its district bank and the district bank drawing on the national central bank, as the Industrial Savings Board may direct."

Briefly, these sections provide that Postal Banks shall be established in every county seat, other post offices in the county to be branches of the county-seat bank, under regulations of the board. The United States is to be divided into 12 or more districts, with a central Postal Bank for each district, which shall act as a clearing and reserve bank for the banks in the district and which may have supervision over the county banks.

"Sec. 20. Existing savings and other banks in the United States which desire and will submit to satisfactory examination and supervision of the Industrial Savings Board and are found of standing satisfactory to the board, may be made agents of the Postal Savings Bank, to receive deposits and pay certificates in accordance with regulations made by the board, and shall be allowed as compensation for such service a commission to be authorized by the board and not to exceed 5 per cent of the net earnings of the deposits, for which registered certificates (only) are issued, which said existing bank secures through its agency, such commissions to be uniform throughout the United States."

The provisions of this and other sections permitting any bank in the United States in good standing to become a deposit and loan agent of the Postal Bank would tend to strengthen rather than to injure by competition

any and every such bank. Their depositors would not leave them for the postal, because they can supply the postal certificates when preferred to their own. As private enterprise and initiative have certain advantages over public institutions, due to more accurate knowledge of local conditions and opportunities and better means of keeping in touch with them, the agents by offering slight additional interest inducement may secure enlarged deposits for themselves. To applicants for loans the agent may always loan his own funds instead of loaning the postal funds if he desires.

Note the profit to existing banks in this connection, illustrated in note under Section 11. Commissions for deposits are allowed only on those for which registered certificates of deposit are issued, as it would be too complicated and difficult to keep accounts in connection with other deposit certificates. It is believed depositors generally will prefer the registered certificates for all larger and long standing balances, and agent banks will of course work particularly to secure such deposits.

"Sec. 21. In lieu of the principle of amortization (which may be applied when the borrower desires) loans secured by real estate or other collateral may be made as follows:

The mortgage or other paper shall be drawn to secure any sum due from the borrower not exceeding the amount named therein for any time not longer than the longest time therein specified, the borrower thus being permitted to adjust the amount of his loan from time to time according to his needs and opportunities."

Under this plan, while the borrower would naturally make application for the largest loan which the pledged property would be sufficient to secure, his certificate being passed, he would actually borrow not the most, but the least, sum that would serve him, and borrow only as

it was actually needed, and would repay it as fast as he could, so as to stop interest, knowing that he could at any time borrow again if he should have need or find profitable use for the money. This elasticity of loans would be of almost incalculable value to the borrowers, to the bank, and to the community, stimulating enterprise, thrift, economy, providence, and would certainly be more desirable than iron-clad, unalterable amortization loans.

"Sec. 22. The Industrial Savings Board shall test the safety and practicability of making small and short-time loans to farmers and other producers in manner as follows, and in accordance with such other regulations as may be specified by the board:

(*a*) After the total balance of deposits in the Postal Savings Bank shall have reached the sum of not less than $1,000,000,000.

(*b*) The board shall select not to exceed 10 counties in various parts of the United States to make trial for a period of not less than one year, after which time, if in the opinion of the board the plan is successful, the method may be extended to many or all other counties.

(*c*) All persons desiring to borrow, without collateral security, any sum not to exceed $500 for a time not to exceed one year, each shall make a statement showing the amount of his assets and liabilities with their nature, in form and manner specified by the board, the amount of the loan desired, its length of time, and the purpose for which it is to be used, in accordance with this act, which statement shall be attached to the applicant's negotiable note.

(*d*) These applications shall be referred for approval or rejection to a committee of three persons elected by the applicants for such loans within the county and also to a committee of three persons elected by the deposi-

tors in the Postal Savings Bank within the county holding registered certificates in manner provided here following: Loans to be allowed must be approved by not less than two-thirds of the weight of vote of each committee and also approved by one or more experts appointed by the Industrial Savings Board.

(*e*) The two said committees to be elected in manner as follows: The postmaster to prepare printed ballots and send the same with return envelope to himself and send to each applicant for loan, and to each depositor in the county bank of issue and redemption having then, and three months previously, outstanding registered certificates of deposit. Each such elector, applicant, or depositor, shall be entitled to three votes, which he may cast for three, two, or one person of his choice. The persons so chosen, each having weight of vote according to the number of vote by which he is chosen, shall upon notice of the postmaster meet and choose three of their number to act as the committee, such electors balloting repeatedly as may be necessary to reduce the number to three. The committee thus elected, each member shall have weight of vote according to the cumulative number of votes by which he is chosen.

(*f*) The members of the committee chosen shall have compensation for services in passing on loans at the rate of 20 cents an hour, the time to be approved by the county seat postmaster.

(*g*) Applicants whose loans are accepted shall give the bank negotiable notes for the amounts and time approved, the same to be discounted by the bank at 10 per cent per annum, the applicant being given the proceeds less his pro rata of all expense of passing on the loans. After the end of one year, when all of the loans shall have matured, any profits to the bank on the total of the loans in excess of 5 per cent per annum shall be paid as provided by the board in rebate to those whose

loans shall have been promptly and fully paid, so that the net cost of the loan to the borrower may possibly be reduced to approximately the same as the interest rate on secured loans.

(*h*) If after ample test such method of loaning is found safe and profitable, the amount to be loaned to each applicant may, by rule of the Industrial Savings Board, be increased beyond $500, the increase to be uniform throughout the United States, and not to exceed $1,000. If some counties prove to be habitually unprofitable, while other counties prove to be habitually profitable, the board may withhold, temporarily, or longer, permission to make such loans from the unprofitable counties."

This section, as it specifies, is intended to be tentative and experimental. It is believed that generally throughout the United States practically all deserving wants of borrowers will be amply taken care of under Sections 10 and 11. But the possibility of use being made of this section will have a healthy influence on banks acting as loan agents under said sections, and this plan of passing on loans, the depositors approving or rejecting, the borrowers assuming limited mutual responsibility, may in time be extended to real estate and other secured loans.

"Sec. 23. Commercial and savings banks may make deposits in and draw upon county banks of issue and redemption to such extent as said county banks may be able conveniently to serve them, but may, without limitation, deal direct with the district banks and national central bank as per regulations of Industrial Savings Board, and certificates of deposit in the Postal Savings Bank may be counted as part of the legal reserve of all depositing banks."

If any bank should prefer to keep gold or other form

of so-called money as a reserve, it can do so; if such other form of reserve than certificates of the Postal Bank makes it any stronger, then it will have what advantage there may be in the increased strength.

Certificates of deposit in the Postal Bank are not legal tender but each is a certified check, certified by the United States Government, and is good anywhere. Certified checks of banks are not legal tender, but do they not serve amply every commercial want except in rare technical legal quibbles? If what is offered is good—as gold is recognized as good even when not coined—it does not need to be legal tender. If it is not good—accepted by custom—it is at best a promise and commonly in some measure a deception, and in the end the man who labors is the man who loses most by the fraud. Of course, the law of inviolability of contract will continue, and the debtor must always make good according to his contract, whether it is formal or by implication. Postal Bank deposits will always be good while the United States Government is good. These certificates legitimately meet the popular demand for "guaranteed bank deposits," because "Uncle Sam" is custodian of the deposits, as he is for money-order funds.

"Sec. 24. The board shall cause to be prepared and printed for the general public simple tables showing the value of $10 or other sums at compounded interest for days, months, and years at various rates of interest, such as will be useful to depositors."

This will be a matter so simple that any intelligent person can know the value of the certificates he owns. What are the net earnings of the Postal Bank will quickly be known, will be steadily the same, or only slightly or gradually varying from month to month, and will be published continually in papers and periodicals.

Of course, it will be the smaller certificates, $10 and

less, which do not on their face bear interest and are always worth par, which will mainly pass from hand to hand. Larger interest bearing certificates will pass principally in the same manner as the ownership of United States bonds passes, the market value of which is known every day.

"Sec. 25. Needless expensive records and statistics shall be avoided, but the Industrial Savings Board shall provide for such as may materially serve the interest of depositors and enable the board to annually report to Congress such information and recommendations as may be of service to Congress."

"Sec. 26. To the extent that the mails shall be used in facilitating the business of the Postal Savings Bank, either by the bank itself or by its patrons, the Industrial Savings Bank, shall provide special stamps for free use of the mails, keeping records so that approximately the actual cost of such postal service shall be paid by the Postal Savings Bank to the Post Office Department."

These provisions are matters of simple sense and justice, and encourage the most liberal use of the Postal Bank. Such use will be principally local, or within the county, and the actual cost of postal service for each transaction nearly infinitesimal; but whatever the cost is it will be paid by the bank at the expense of the beneficiaries, the depositors, and borrowers, and not of the taxpayers in general. This principle is maintained throughout the Industrial Savings Act.

"Sec. 27. The sum of $1,000,000 is hereby appropriated for any necessary expense, in the discretion of the Industrial Savings Board, in the rapid development of the Postal Savings Bank, the sum used to be considered only as an advance and to be repaid to the Treasury, with

interest thereon at 3 per cent per annum from the profits of the Postal Savings Bank, which is to be made self-sustaining without subsidy or other charge against tax-payers."

"Sec. 28. All provisions of an act to establish postal savings, etc., approved June 25, 1919, and of amendments thereto not inconsistent with this present act, shall continue in force, and all other provisions are hereby modified or repealed, as are all other acts of Congress inconsistent herewith."

"Sec. 29. To the extent that certificates in Postal Savings Banks crowd out of use forms of paper money now in use, causing the depreciation of the market price of bonds of the United States used to secure their circulation, below par, the Treasurer of the United States shall purchase or redeem such bonds at par, issuing, so far as may be necessary to do so, other bonds of the United States bearing higher rate of interest and marketable at or above par."

This provision also is a matter of simple justice to bankers who have invested in such bonds because of the currency advantages they gave. The United States received par for the bonds and the consideration for the use having in part terminated, the Government should pay par for them.

Never have justice, patriotism, necessity, and business sense united more emphatically than in this Industrial Savings Act. It establishes a new and immense reservoir of capital on which all people and all institutions possessing requisite security may draw on terms of exact equality—a reservoir from which fresh streams of credit will issue to expand and multiply the channels of production, manufacture and distribution. The element of personal rivalry will not be known. A man, although he may offer perfect security, will not be told at the Postal Bank

that he can not be accommodated, because he has not been depositing there or does not belong to a certain business clique. The fact that this tremendous volume of credit is loanable at not more than 5 per cent will bring down and regulate interest charges everywhere. It will mean the economic independence of the American masses. The American people possess the means of creating this beneficent institution. They should demand its immediate erection.

Unshackle the Postal Savings Bank. Let the people's bank serve the people.

SENATOR SHEPPARD'S ARGUMENT

In the U. S. Senate, August 14, 1917, Hon. Morris Sheppard of Teaxs presented the "Industrial Savings Act," with the illustrative and explanatory notes (both here slightly revised and somewhat extended) and the following introductory argument:

"No step could be more vital to the successful conduct of the war than the conservation of the financial resources of the nation. The nations engaged in the present world conflict are straining every energy to obtain funds with which to continue the struggle. The most powerful aid yet rendered by the United States to its allies has been in the way of enormous loans.

As a part of its war program the United States Government recently called on its people for a loan of $2,000,000,000 at 3½ per cent. Another loan is to follow and still another as the war goes on. To-day no one may see the end. Congress has already authorized the Government to negotiate loans to the extent of $7,000,000,000. In addition, taxes are being imposed which reach into the billions and these are to be followed by others as the necessities of the most stupendous war of history develop. Furthermore, the cost of living has soared to appalling heights.

Any method, therefore, by which the financial resources of the American people or the American Government may be husbanded and multiplied will be of infinite value. In fact, it will be one of the determining weapons of the war. Men say that the aeroplanes will win the day, but behind the aeroplane must be money. Men say we must have modern guns and an ample supply of munitions and other equipment of the latest and most effective type. Behind all these must be money. Men say, and say properly, that our soldiers must be carefully equipped and properly fed; but before this can be done money must be had and in quantities never before realized by the human mind in this connection. Hand in hand with man power goes dollar power. In fact, at every stage in the prosecution of the war a supply of funds is an essential prerequisite.

Now, it is a well-recognized fact that the principal form of money to-day, both in war and peace, consists in paper evidences of credit, based on the confidence of ultimate payment in metallic money—mainly gold. The existing banking system, in mobilizing metallic money and in erecting thereon a tremendous structure of credit, has made modern civilization and development possible and is rendering a service to the world as indispensable as it is valuable. Efficient as it is, however, the present banking system in the United States had mobilized only about half the actual money in the United States at the opening of the present war. Since the war began about $1,000,000,000 in gold has been driven to the United States to aid in financing the enormous purchases made here by other countries. Most of this billion dollars will be attracted back to these countries after the close of the war by the higher premiums which they will pay for the means of reconstruction. This makes it all the more necesary that we should mobilize all the actual money in the United States, or as much of it as possible, in order to be the better prepared to meet the strain on our

credit system which will undoubtedly follow the disappearance of this foreign gold. Since it came here our credit system has expanded in the usual proportion. That proportion is about 7 cents of gold to every dollar of credit. When it goes, part of our credit structure will lose, and perhaps suddenly lose, its foundation. Therein lies danger.

In permitting about two billions of actual money to remain outside the banks, outside the channels of credit, we are allowing a Niagara of power to be wasted.

How may that money be drawn from the hiding places and made to serve the country by enormously increasing its credit facilities and its financial power? The banks have failed to get it, although our American bankers and financiers are among the earth's ablest and best. Evidently some other form of banking must be tried, in addition to, and in connection with, that we already have. Banking in one sense is the manufacturing of credit, and credit in the modern, practical sense means a promise to pay, based on metallic money, chiefly gold.

The answer is, let the United States become a permanent banker for the American people. Unshackle the Postal Savings Bank. Let the people's bank serve the people.

Recently the United States asked the people to lend it $2,000,000,000 at 3½ per cent. The response was immediate and inspiring. The people deposited that amount at once with the Government, because of absolute confidence in the safety of the transaction. Why not keep the Government depositary open permanently to the people? Instead of paying 3½ per cent interest on multiplied billions at stated periods, why not give all the people, so desiring, an opportunity to redeposit the interest due them, and thus to a great extent stop a drain on the Treasury and on taxation that promises to be tremendous? Most of the subscribers to the war loan will redeposit the interest in some bank, anyway.

Do you say that this is putting the Government into the banking business? The Government has already entered the banking business. Since we established the Postal Savings Bank only a few years ago, 700,000 depositors have placed therein $125,000,000 (since grown to over $140,000,000). And this has been done in spite of the fact that these depositors get only 2 per cent interest, while the ordinary private savings bank pays 3 per cent, and sometimes more—in spite of the fact that a number of restrictions are thrown around the postal deposit which the private banks do not impose at all—in spite of the fact that the Government redeposits these $125,000,000 in the commercial banks at 2¼ per cent, the banks lending it to the people at anywhere from 6 to 12 per cent, and at times more.

The Government practices an enormous injustice on its (near) 700,000 depositors. It pays them only 2 per cent for what is worth at least twice that much, keeping in mind the average interest rate on money. But the Government has demonstrated two facts of lasting significance. It has shown that the cost of mobilizing money through the Postal Bank is not more than one-fourth of 1 per cent, and it has earned in this way over $2,000,000 of profit on the limited business already done.

Nearly half of the population of the State of Victoria, Australia, is represented by depositors in the Government savings bank of that State. Over half of the people of the State of Connecticut is represented by depositors in the savings banks of that State. It is not unreasonable to suppose that the same or a greater ratio would be maintained as to depositors in a United States Postal Savings Bank offering 3½ to 4½ per cent interest. This means that the unshackled Postal Savings Bank of the United States would have from forty-five to fifty-five million depositors, and with the same ratio of deposits as is maintained by the savings banks of New York City to its population, the United States Postal Savings

Bank would have deposits of anywhere from twenty-seven to forty billions of dollars. Incidentally let it be remarked here that with deposits of forty billions the United States Postal Bank could have financed the entire $7,000,000,000 bond issue recently authorized by Congress by an investment of less than one-fifth of its deposits, an operation that would have been considered entirely safe and conservative under the strictest standards. At the same time the Government would be earning the interest due the people with the money they had deposited, and would be paying them a higher return than they must now pay by onerous taxation. What kind of business judgment is it that prevents us from taking a step so simple, so just, so logical as that of unshackling the present Postal Bank?

Savings banks in the United States easily earn 3, 3½, and 4 per cent for depositors. Their loans are made in accordance with laws specifying the nature of the security with such minuteness that the duty of making the loans is almost a purely ministerial one—simply that of tracking the law. Shall it be said that similar laws could not be enacted for the United States Postal Banks?

Are not the 700,000 depositors of $140,000,000 in the Postal Savings Bank entitled to what this money will earn on security recognized and defined by law—security recognized as of the safest sort—such security as every savings bank gets for loans, earning an interest rate twice as high and more than that now paid the depositors in the Postal Bank?

At this point let us summarize what has gone before:

1. The response to the call for the recent Liberty Loan shows the readiness with which the people will deposit funds with the United States. It is also an encouragement of the savings habit that will be worth as much to the people as the amount of the loan.

2. Why not make the opportunity of depositing with

the United States permanent and unlimited? The people would then have a depositary which could never fail, which would hold their absolute and lasting confidence. A perpetual encouragement of thrift and saving among the people would then be offered—the most powerful that could be imagined.

3. Existing banks have gathered for use in the development of the country only about half the actual money in the United States. Allow deposits to any amount in the United States Postal Savings Bank, and the remaining billions of money now scattered throughout the land in private and secret places would be assembled and would form the basis of a mightier credit structure than has yet been dreamed. The resulting impetus to business, to economic advancement, and to general prosperity could not be estimated.

4. Let the deposits thus assembled be loaned under laws defining the security, as is now so successfully done in the mutual savings institutions of the various States. Let the interest thus earned be returned to depositors, less expense of management, which expense has already been shown to be not more than one-fourth of 1 per cent.

5. Money at 3½, 4, and 4½ per cent would then be comparatively plentiful, where first-class security could be furnished. Interest rates throughout the country on funds for necessary and legitimate processes of production and growth would fall. Rural-credit systems would be made possible. A new reservoir of mobilized money would be added to that already established by existing banks, and the financial resources of the country would be developed to the highest point. Existing banks may utilize this reservoir by making loans of a portion of the funds comprising it, which loans they guarantee, receiving a small commission on the interest, and by acting as agents for receipt of deposits.

6. The nation would be prepared not only for finan-

cing the war, for financing the people on the lowest possible terms, for securing to them an adequate and safe return on their savings, but for the problems that will follow the war, for the shock which the withdrawal of immense quantities of basic money will produce.

7. Why should not a citizen receive for his savings all that such savings will earn when loaned on the best security? Why should not a citizen, possessing proper security, have ready and fair access to the assembled savings of the people for the essential processes of home building and production of life's necessities? These processes, properly safeguarded, afford in themselves the best security known to men.

With these preliminary observations I now direct attention to the bill I have introduced for the unshackling of the Postal Savings Bank."

Is not Senator Sheppard's argument, above presented, and even more fully in the notes accompanying the bill, here reprinted, absolutely convincing—unanswerable?

No attempt, or pretense, has ever been made in the Senate or elsewhere, to make intelligent answer to it. The committee to which the bill was referred has never given it any hearing or consideration—it has been simply "buried"—"pigeonholed"!

"Silence" seems to be recognized as the only "safe" way of opposing it. Discussion must certainly result in victory for justice to industrial wealth-creators: the "man with the hoe" and the tractor, the plane, the hammer, etc.

A BIG NINETEEN HUNDRED AND TWENTY ISSUE?

"Hindsight," Foresight, Shortsight

How near will be the "fit" to 1920 election will be the following, most of which appeared in a national paper just after the election of 1916?

It would be next to "silly" to point to a fundamental error of both parties in the recent election campaign were it not that doing so points to the wise course for the future.

Instead of keeping the country on the ragged edge of uncertainty for several days, one party winning, the other losing by a narrow margin, either party, had it been guided by the courage of statesmanship instead of largely by the cunning of partisanship—either party could have won victory overwhelmingly by the adopting and honestly, vigorously exploiting one little neglected "plank"—the shortest, strongest to carry voters ever forming a part of a political platform: "Unshackle the Postal Savings Bank"!

Not one voter in one hundred (perhaps one thousand could be safely said) knows what that means, but nine voters out of ten, when obvious facts are pointed out—justice, the square deal on one side, wrong, cunning, short-sighted greed on the other—nine voters out of ten, if not nearer ninety-nine out of one hundred, would stand on, stand by and fight for that "plank."

Those five words point not only to an economic issue of prime importance, larger, more far-reaching, infinitely more beneficent than even the Federal Reserve Bank bill

(not antagonistic to that), but they point also to a moral issue—one of plain equity for benefit of millions—and "the people" are always unhesitatingly, vigorously right when a moral issue is plainly put before them.

Here is an issue that appeals to both conscience and pocket of every man whose "profit" is not in "chaos" (there are some such) rather than in general prosperity.

We now have a Postal Savings Bank—a puny, sickly, "ham-strung" thing which some would like to see "killed," but it is so strongly guarded by the good will of the people that no "politician"—much less a "statesman"—would dare propose the law's repeal.

The heads of this Postal Bank occasionally issue a "bragging" bulletin telling of the great "success" of the bank—nearly 600,00 depositors, approaching $100,000,000 deposits—covering the entire United States, this!

Two, single, almost "unknown" savings banks of New York City each has larger deposits—over $100,000,000—and the total savings deposits of that one city are about $2,000,000,000 (two billion). "Success!!"

What does our present (our—you and I voters—are "partners' in this ignominious "use" made of "Uncle Sam!") Postal Bank "do to" its depositors?

It pays them two per cent interest (the last Congress ignobly provided that no interest should be paid on some millions of deposits!). And it cunningly, plausibly "manipulates" those deposits so that 95 per cent of them are turned over to bankers only for two and one-quarter per cent interest—to bankers only, who loan that money, commonly at six per cent, on the average to farmers at over eight per cent!

An "unshackled" Postal Savings Bank would, according to precedent of one such state bank (in Australia), have about 45,000,000 depositors, instead of a petty 600,-

000, as now, and instead of less than $100,000,000 deposits now, would have over $40,000,000,000, according to actual precedent in New York City and many a smaller city.

Don't imagine that an "unshackled" Postal Savings Bank is "antagonistic" to bankers, or to any worthy body —or imagine that bankers generally are charged with the "iniquity" of "manipulating" the present "shackled" Postal Bank law.

Bankers with brains, foresight, conscience and patriotism (generous supply of all four cordially recognized) will, it is believed, see, not antagonism but co-operation and help in the unshackled Postal Bank. Bank prosperity goes naturally with industrial prosperity, which this will enormously stimulate. "Patriotism"—this will provide resources of probably $5,000,000,000 to $10,000,000,000 for the United States Government at 3 per cent, in case of need, without perceptibly trenching on commercial funds. "Conscience"—it is not believable that honorable bankers approve of the way the Government is "used" to take advantage of the timidity and ignorance of trusting citizens (present or prospective) by loaning their petty savings at two and one-quarter per cent (as now under present Postal Bank law) when thousands of individual bankers would be glad to handle the whole of them, adequately secured, at nearly double that interest.

For those who have assumed the recent "Federal Farm Loan Act" sufficient financial legislation in that line, these points are made:

(*a*) This act will "mobilize the money" necessary for the success of that act.

(*b*) However efficient (many doubt) that act may be, it does not at all obviate the moral necessity of wiping out the ignominy and shame of "manipulating" the petty

savings of about 600,000 present depositors in the Postal Bank, so that they receive only about one-half the interest their money is worth in the open market.

(*c*) Nor does it right the wrong and injustice to probably 80,000,000 would-be depositors in or borrowers from the Postal Bank, now excluded from it by their very intelligence—they "know too much" to be "fooled" by a contemptible "two per cent."

The Nutshell Of It All

Make every post office, every letter carrier, servants of the Postal Savings Bank, as they now serve for money orders, registered letters and parcel post—equally as open to all, without limit, as for letters and parcels.

Of course the Postal Savings Bank will give depositors, not the ridiculous two per cent interest, as now, but whatever the deposits can be safely made to earn, as in other savings banks—three and a half to four per cent —or possibly nearer to seven per cent, as in average building and loan associations.

Of course the Postal Bank will loan its deposits, not to bankers only, as now, at the wicked two and one-quarter per cent interest, but to whoever (for legitimate use) will give adequate security, and the most interest, as in other banks.

Sample "$10 Bill" of proposed Postal Savings Bank "Money," provided for in Industrial Savings Act, the words "For Uncle Sam and World Peace" being printed in large type, over the face of the bill—size and form of ordinary currency.

(Face of Bill)

Issued 1918 Jan. Feb. Mar. April May June July Aug. Sept. Oct. Nov. Dec.

THE UNITED STATES POSTAL SAVINGS BANK

HAS RECEIVED FROM

(Here the depositor will write his signature, or not, as he pleases, this identifying his signature on the back when he indorses and passes it.)

TEN DOLLARS

(or another specified sum)

and will pay the same, together with interest earned (probably 4 per cent. per annum or more), the interest compounded semi-annually, on surrender hereof properly indorsed.

If no signature is written on face, indorsement is needless and payment will be to bearer. Interest shall begin from the first day of the month indicated by cancellation in margin and shall terminate the last day of the month preceding payment; also shall terminate five years from date interest begins, before which time this may be exchanged for a new issue of current date. For other details, see the other side.

Issued at Washington, D. C., but procurable or cashable at any Post Office or authorized Bank. Signed by authorized representative of "UNCLE SAM."

(Back of $10 Bill, Postal Bank "Money")

If you have written your signature on face hereof, for payment or transfer, indorse it here as you do a bank check.

You may get certificates like this, in exchange for any bankable funds, wherever you can get postage stamps; get any denominations wanted: 25 cents, $1, $5, $10, $50, $100, $1,000 or larger; you can cash them at any post office or wherever you can cash bank checks; but you do not need cash, for *this* will buy anything gold will buy, or buy gold itself—is better than gold because it makes your money, in pocket, cash drawer or safe, draw interest for you while you hold it, for the next man when you pay it over.

Money deposited in Postal Savings Bank, for these certificates, will be loaned:

In times of peace not to exceed 25 per cent of balance of deposits, to the U. S., if wanted, at 3 per cent per annum.

In times of war any part, or all, up to 90 per cent, if wanted, to the U. S., at 4 per cent per annum.

Otherwise, loaned to anybody giving good security, satisfactory to U. S. Treasurer, always to the highest bidder, preference being given to the smaller borrowers, $100 to $10,000.

Certificates similar hereto, of denominations of $5 and under, but drawing no interest, will be issued, and reissued, if desired—though they earn the holder no interest, on their face, they *do* earn interest, for *all* depositors holding interest-bearing Certificates, because the money they represent is loaned for interest.

These certificates LEGITIMATELY meet the popular demand for "guaranteed bank deposits," because "Uncle Sam" is custodian of the deposits, as he is for money-order funds, and thus

This Unshackled Postal Savings Bank will have over 80 million depositors—loyal backers of "Uncle Sam"; 100 billion dollars or more, for war or peace—justice, economy, efficiency far beyond Liberty Bonds (marketable only at a discount!—no discount ever on these Certificates) or W. S. S.

LAND-RENT, MONEY-RENT AND RURAL CREDITS

Land-rent is the annual price a tenant pays for the use of another man's farm or other real estate.

Money-rent is the annual price (interest) a man pays for the use of another man's money.

When a man rents a farm and he deals, not with the owner, but with an agent or broker, the agent gets a fee or commission of, possibly, 5 per cent of the first year's rent. In the big cities, for big high-rent buildings the agent gets, commonly, only 2 per cent of the rent—we have heard of as low as 1 per cent instead of 5 per cent.

The Federal Farm Loan Act provides for twelve banks to act as "agents" in "renting money" for farmers. These banks are to get a "commission" for their services, as follows, under terms of the law as originally enacted:

If the bank gets the money at 4 per cent, the farmer is to pay 5 per cent—that is 1 per cent commission, which is 25 per cent added to the cost of the "money-rent"; not of the first year only, but a perpetual annual commission during the entire life of the loan, whether five years or thirty-five years. When the banks get money at 3 per cent, as they will in normal times (after the war), the farmer will pay a perpetual yearly "fee" of one-third the "money-rent" during the entire life of the loan.

In the "Robber Lair" of Wall Street, on the Stock Exchange, a broker will get for you $10,000 in railroad bonds for a commission of one-eighth of 1 per cent, or $12.50—not annual or perpetual, but just one payment of $1.25 per $1,000.

The Federal Farm Loan Act (for short F. F. L. A. herein) is here; it actually improves conditions as they were and it is wise to "make the best of it." We have heard of no Congressman, or other friend of the act,

who considers it as "final" or "ideal," only the "best that could be got at the time." This paper is not to antagonize, but to suggest improvement.

The Industrial Savings Act proposes to give the bank acting as "agent" in "renting money" for farmers, not 25 per cent or 33⅓ per cent, but not to exceed 5 per cent of the interest; and the "Board" which is to administer the act may reduce that but may not increase it. The chief reason for the difference in "commissions" to banks under the two acts is that the F. F. L. A. establishes special banks which can do no other business, whereas the Industrial Savings Act uses the facilities of all existing banks in good standing to which the 5 per cent commission becomes mostly that much extra "income" with almost nominal "outgo."

In "mobilizing" money" for farmers, the Industrial Savings Act uses the facilities of existing banks and those of the entire Post Office Department. It unshackles the Postal Savings Bank and according to precedent in New York City and many another smaller city, that alone would soon mobilize probably over $40,000,000,000—ample to finance farmers and oil all wheels of industry and commerce.

Study the Industrial Savings Act and see the many ways in which it improves on—supplements—the Federal Farm Loan Act, which it does not antagonize, but will help by mobilizing the money necessary to its success.

Another point of very great importance in regard to the Industrial Savings Act is that it is in no respect "class legislation" but serves equally *all* classes—workers of every kind, merchants, manufacturers—***everybody.***

A TREMENDOUS MISTAKE!

The greatest mistake, probably, made by the majority of the worthy host of those who seek human betterment, is the assumption that "legislation is necessary."

It is rarely true!

Without *one* new law to be passed by the nation or any state, honest workers have it now in their power to work their economic will, within the limits of what is wise and right. It is one particular object of this book to demonstrate this.

Just ORGANIZE! Standard Oil and the Steel Trust exist *in spite* of, not because of, legislation. Organize as *they* do, not "for talk," but for "business." "Conventions" and "Leagues," for agitation and "hot air," not their method.

Farmers and consumers, when they *will*, can equitably, wisely, legally organize strength far beyond the power of those giant forces.

"A Square Deal in Milk" is "a practical parable" showing *one* way to organize.

Emphasizing the thought "legislation not necessary," it may seem out of keeping to put in the very front the demand for *honest legislation* for the Postal Savings Bank, and legislation for "Transportation: National Ownership; Private Operation."

It is *not necessary* in the case of the Postal Bank, for "A Square Deal in Milk" shows plainly *one* way of "mobilizing money" and utilizing credit possibly fully as effectual—it is "not necessary" but it *is* RIGHT, and the people are *entitled to have it*—and it is in their power to exact it, when they *will* to do so by the means of even "three cents worth of patriotism" for each. Read on, and you will so admit.

A SQUARE DEAL IN MILK

Evolution of the Industrial Republic

(Both Producer and Consumer of all products of industry should note that the details of this "milk deal" illustrate what is practical in other lines as well. Milk prices quoted were prevailing prices at the time paper was written, and illustrate principles as well as would current quotations.)

About two hundred New Jersey farmers center about a village railroad station forty miles from New York City. The great suburban cities of Elizabeth, Newark, Jersey City, and others, lie nearer, and Philadelphia is a little farther away. Their milk product goes to all of them, selling to consumers rarely as low as 8 cents a quart, generally for 9 cents, or even more.

In the month of June the farmers are receiving only 2½ cents a quart, in July 2¾ cents, in May and August 3 cents. The cost of freight is under ¼ cent a quart. To these farmers the extraordinary difference between the price to the producer and the price to the consumer seems out of reason, and they decide to make an effort to reach a direct SQUARE DEAL WITH CONSUMERS in manner as follows:

A "Producer and Consumer Corporation" is organized, which we call "The New Jersey Industrial Republic." The farmers subscribe the necessary capital stock to start the business, $10.00 up to $100.00 or more each; 50% of the capital stock is set aside to be sold to consumers *when they want it,* the ownership of stock being strictly a "privilege" and not a "requirement" from either producer or consumer. The corporation sells to consumers at the customary retail price, 8 or 9 cents, more or less. Any profits are divided *monthly between*

producer and consumer after allowing 10% per annum dividend on capital stock.

To illustrate: A farmer producing 80 quarts of milk a day, or 2,400 a month of thirty days, at the price of 3 cents a quart, gets $72.00 a month. Two hundred farmers with that average is 480,000 quarts, and $14,400 monthly for the farmers, wholesale price. A consumer using 2 quarts a day at 9 cents pays $5.40 a month, and there are 8,000 customers of that average to use the product, paying $43,200 monthly retail price. Assuming the average price to be 3 cents wholesale, 9 cents retail, and expense of delivery 3 cents (it is believed that the cost can be reduced to less than this), leaves 3 cents a quart profit to be divided, or $14,400 dividend, monthly.

Allowing 10% per annum on $20,000 capital equals $166.67, and leaves $14,233.33 monthly to be divided between producer and consumer, which is a little under 25% on the *gross* business done, or $17.78 extra a month, $213.36 a year, for the 80-quart farmer; $1.33 a month, $16.00 a year, for the 2-quart consumer. While the increase to the farmer is only about ¾ cent a quart, it adds probably at least 100% to his *profits*—indeed it is unlikely he makes ¾ cent on 3-cent milk. The consumer "rebate" gives him a price of about 6¾ cents a quart instead of 9 cents. If cost of delivery can be reduced to 2 cents a quart, or even less, as thought possible, increase of profits, or savings, is substantially more, for both producer and consumer.

The capital stock "privilege" figures out in a similar way. As the corporation sells *strictly for cash,* $20,000, possibly even $10,000, working capital, is thought ample for the business, which, to begin with, the farmers have to supply, an average of $100.00 each. As the capital stock is to have a dividend of 10% per annum before any dividends to producers or consumers, its ownership (with proportionate voice in control, of course) will be a "privilege" all right, to those who know it, *and* that

privilege will be in proportion to the business each does with corporation; a 40-quart-a-day farmer will have a *right* to own one-fifth as much stock as a 200-quart farmer. A consumer who pays $5.40 a month for milk will have a "right" to own stock in similar proportion to the farmer who gets $72.00 a month for milk. But the small consumer's "right" is for so small an amount of stock that few of them are likely to "claim" it—more of them would be likely to invest if the stock *could be had* in blocks of $100.00 or multiples. So in practice the capital stock is likely to be mostly in the hands of the farmers *until the business is well established.*

If $20,000 working capital is not ample, and $40,000 is required, please note from the foregoing monthly "dividend" illustration that only about $167.00 goes to capital compared with over $14,200 to producer and consumer.

If the necessary capital is not taken in small amounts, it may be sold in larger (10% dividend-paying stock will not go begging), but:

> It is an essential fundamental principle, guaranteed by its original charter and printed on the shares of stock, that the corporation always reserves the right to buy at par at the close of any fiscal year from the holder any portion of his own shares in excess of what he has a "right" to own by reason of his dealing with the corporation.

Example: If total capital stock is $50,000, and the total amount paid producers, plus the total amount received from consumers, is $500,000, that is a ratio of ten to one, and a producer of $800 worth of milk would be entitled to own, by purchase, at par, $80.00 in capital stock; a consumer of $60.00 worth of milk would be entitled to own $6.00 in stock, and so on. Any shares in "excess" of that ratio the corporation has a right to buy, at the close of any

fiscal year, and to sell at par to those who own less shares than they are entitled to purchase.

This provision will inevitably keep the power of control of the corporation in the hands of producers and consumers, making the "cornering" of capital stock and control and manipulation of the business by "capitalists" impossible.

Also, the large 10% dividend to capital guarantees its ample supply, and is no detriment to the producer or the consumer who has a right to own his just pro rata of stock; he simply pays from his one pocket into his other pocket that handsome 10 per cent.

Organization being completed and capital paid in or subscribed and subject to call, the first move is to buy or build a suitable creamery, and thoroughly modern and scientific equipment, and to put it in charge of a competent, experienced manager. Milk will be "tested" for solids, cream and cleanliness, and must reach specified standards to be accepted *at all,* and receive the lowest wholesale price. For tests showing product above the necessary standard, graduated premiums will be paid, milk above a specified high standard to be kept separate and retailed as "certified" (or under other special name) at a higher price. As the corporation will sell only for cash, farmers will receive their pay when they want it, instead of the middle of the month, for the previous month, *only,* as is customary under existing conditions.

As the "two hundred farmers" are the *only* patrons of an existing creamery, they naturally buy it, instead of building a new one, probably taking over the present employees—possibly also making an equitable and mutually satisfactory co-operative capital-and-sales arrangement with the present creamery owner.

The next move is to get the milk to the consumer at the least expense possible and get his money (of course

it already has a market, which is taken over). Let us see if modern, "scientific management" can not greatly improve upon existing methods. Now, the usual way is for a man and a one or two horse wagon to spend a large part of a day in distributing possibly 80 quarts, or even 200 quarts, driving "miles and miles," crossing and recrossing the tracks of dozens or scores of other milk men, delivering "on credit" in most cases, collecting, if he can, monthly, or when he can—and paying the farmers (sometimes) once a month.

The N. J. Industrial Republic Corporation, though it may to an extent temporarily continue antiquated methods, will invest soon in modern, scientifically equipped motor milk trucks. A milk tank is built on the principle of a gigantic thermos bottle (in different shape), except that instead of the vacuum the space between the inner and outer walls will hold ice water. The tank will be divided into three compartments, one large, for standard milk, two smaller for cream and certified milk—its total capacity will be at least a ton of milk, probably over 2,000 quarts. There will be an air pump, worked by the motor, which will put air pressure into the milk tanks (scientific equipment will wash and cool the air) which will continually aerate the milk, forcing, to the last drop, the milk through accurate-measuring meters and faucets. The outside air and dust has no possible access to the milk. The tanks are of course cleansed with scalding steam, then cooled with ample running water whenever the milk supply is renewed. On top of the tank an ice-chest will serve to keep cold the cold water with which the between-walls space is filled when the milk supply is taken in—the ice water entering by a tube at the bottom, the warmer water gradually being drawn out at the top.

Two men and a boy will be the "team" to run the equipment, a chauffeur, a man to draw the milk and take the pay, and the boy to expedite service of customers. The truck will be almost continually on the move, high

gear or low gear as need to be, serving *every* house it passes, instead of one house in ten or forty as do the one-horse wagons—from early morn till late eve. It will have a regular route, and time so accurate, that customers will know when to expect, and be prepared to be promptly served—they will know it is to be *prompt* service or "get left." The corporation will supply metal or printed milk checks, $1.00 (?) value at a time, giving with each $1.00 value a "dividend check" to be redeemed in cash or in milk checks once a month.

Is it not clear that the corporation can by such equipment and methods supply better milk, give more satisfactory service, and at a fraction of the cost of delivery, than is possible by old methods?

How and where to find "consumers" to serve in a "compact body" instead of by present "scattering" and "guerilla" methods, is the next question.

It would seem natural to begin as near the producer's home as possible, with the county town, and gradually move toward the larger cities as the ground is thoroughly covered, and the corporation resources grow.

The county town of about 8,000 population—say 1,600 families, estimating 2 quarts of milk a day to the family, requires say 3,200 quarts a day. They are now served by probably thirty or forty or more men, most of them producing their own milk, the marketing of the milk rather than the value of the "milk route" being the prime consideration. Two or three of the corporation's "milk trucks" (instead of forty wagons) can cover the ground and do it better. The natural and expedient thing would seem to be for the corporation to buy out those forty "milk routes," the forty owning farmers coming into the corporation as "partners" with the original two hundred "charter members." The forty will be so greatly advantaged by the improved efficiencies and economies of the corporation, that small, if any, "bonuses" for "good will" will be necessary to buy the "milk routes."

Evidently the "county town move" by the program outlined makes small market for the product of the original two hundred "charter members"—it is simply *necessary,* in order to get that market, to "move on" to one or more of the big cities, and start ten or fifteen more milk trucks to market their 16,000 quarts of milk a day—developing from the corporation's existing market. Indeed, moving to the county town not only takes in the forty local milk-dealer farmers, but by the "efficient" example incites several hundred other milk producing farmers centering about the town to want to join the corporation. And there is no reason why they should not join, but every reason why they should. The absolute equity and common-sense of the plans of the corporation serving *mutually all parties* in interest, makes it natural and reasonable that all producers and consumers within tributary territory centering about great cities should join the corporation. One great corporation, on the simple, equitable plans indicated, would be far better than scores or hundreds of smaller corporations, which would almost necessarily to some extent compete with each other, and overlap, as do the one-horse milk men now.

When the corporation does enter the big cities, it should always be done systematically, completely covering such territory as it covers at all, at least *offering* to buy out on fair terms any "milk routes" in the territory to be covered. The consumers' right of "rebate" of an equitable share of the profits on the milk he buys, and 10% dividend on any capital stock he *chooses* to own, makes *every customer an active ally,* to influence other customers to come in—and obviously an approximate "monopoly" of all business within certain territory is essential to the least cost of delivering the milk—which is now a larger item than the original cost of the milk itself.

The one, practically sole, object of the "two hundred farmers" was to market their milk product at better prices

—possibly a few of them might have "dreamed," with a faint warming glow in the region of the heart, of altruistic service of certain city consumers, giving them better milk, and helping *them* to "cut the cost of living."

But if the corporation can serve them so well in the matter of milk, why stop at milk? Why not *buy* as well as sell? Feed (to make milk) in car-load lots, would be the first, natural step—then fertilizers the same way—then farm and home supplies generally. To make the largest possible purchases, and consequently the lowest possible cost for each, the "milk consumers" will naturally join the milk producers, in buying supplies, which all alike use. The natural consequence is that the corporation not only buys and runs the local creamery, but it buys the leading local general store, probably putting the merchant himself in charge, gradually buying other stocks of the other local stores, cutting out wasteful competition, vastly reducing by "monopoly" for the *benefit of all,* the cost of *all* farm and home supplies.

By this arrangement (the local merchant now "harried" by endless competition of little stores, *now* interested, fairly compelled to get from customers the highest possible prices for all they buy)—the corporation, and every member and patron of it, makes it to the *interest of the local merchant* to secure for them the *least cost possible,* and the best and most economical service possible *for everything they buy.* The merchant-manager's compensation, and that of every assisting employee, should be, in part, a small commission on the total amount of business done, also a small per cent on any *saving* in expense of doing the business—thus stimulating all to do the largest business possible at the least possible expense.

And gradually by similar co-operative common-sense, "efficient" methods, the farmers will market *all* their products as well as milk—and serve equally well the city consumers with all the products of the farm—and both

producer and consumer uniting in the purchase of enormous quantities of the products of the factories will get *them* as well as milk at least possible cost.

As the producers have for their convenience and economy their own local general store which will serve substantially all their local wants for supplies of all sorts, so they and the consumers within the "compact" territory where milk is supplied, will naturally establish *their* general store, in this the local consumers probably having dominating control of details as the farmers probably have at the country end. Here all kinds of farm produce will be supplied, and also substantially all sorts of other supplies for home consumption. Of course, the "country store" and the "city store" (the scores and hundreds of such stores which will naturally in time be established) will buy their merchandise *together,* thus using such enormous quantities that they will be able to get lowest possible cost prices—often taking the entire product of factories. The milk product of two hundred farmers, average eighty quarts a day; consumers averaging two quarts of milk, 8,000 families are served. Assuming an average of $400.00 a year to a family, the 8,200 families require $3,280,000 a year in "home supplies." Of course that group of two hundred farmers soon multiplies to two thousand or twenty thousand, and the consumers grow proportionately to eighty thousand or eight hundred thousand, and the "supplies" wanted to $32,800,000 or $328,000,000.

Notice that the distinguishing characteristic of this proposed Industrial Republic Corporation is, that it is *not organized to make money out of* "outsiders" but to *serve "insiders"* and *save waste* among themselves.

All "outsiders" have opportunity, and urgent inducement to *become* "insiders" on the same terms as the original organizers—thus doing away with the inevitable

stimulus to "competing" organizations, which prosperity always incites, under existing conditions.

Thus a "Square Deal in Milk" and a combination of business common sense, equity, and "scientific efficiency" will naturally lead to a general very great "cutting of the cost of living"—besides many other incidental benefits which will logically follow—as it is proposed to show in other pages.

FINANCING A SQUARE DEAL IN MILK

We have all heard of the man who "lifted himself by his boot straps." Never mind the joke on "self help"; if there is to be an "uplift" of the producers and the consumers, they are the ones to do the lifting—and they are abundantly able to do it, without outside help, as we shall see by applying a little common sense to the matter of financing this milk deal.

It always requires *some* capital to conduct any business. It is estimated that $10,000 capital will be ample to launch this enterprise successfully, after which further capital will naturally be attracted to it for the growth of the business to any extent desired.

Take note of the leading facts:

The two hundred farmers produce an average of 80 quarts of milk a day each, which equals 16,000 quarts a day, 5,840,000 quarts a year (cows do business Sundays and holidays) which at 3 cents a quart to the farmers brings them $480 a day, $175,000 a year.

Consumers averaging 2 quarts a day, 8,000 families use the product which at 9 cents a quart taxes them $1,440 a day, $525,000 a year.

This business is now actually being done, but through several hundred "middle-men" in several different cities, in which consumers are widely scattered. By "bunching" the consumers, and dealing *direct,* it is estimated at least

3 cents a quart can be saved in expense of delivery, which equals $480 a day, $175,200 a year.

Instead of 3 cents saving, estimate even 2 cents and there is $116,800, over ten times the required capital, *saved* in a year, the $10,000 in less than five weeks.

Another present fact: when farmers sell, as they do now, to dealers, it is the custom for them to get their pay (sometimes) on July 15th for the month of June, only, and so through the year giving dealers 45 days "credit," down to one day, an average of 22½ days. Call it 20 days only at $480 a day, which equals $9,600, pretty close to $10,000 capital the *farmers now actually supply* in form of credit to dealers. But if they sell *direct* to consumers, farmers *get cash;* estimate even 6 cents a quart (above expense of delivery) and $19,200 is accumulated (as good as "capital") even in 20 days.

It is evidently a very simple matter to raise the necessary capital! This is on the basis of the farmers supplying *all* the capital, which they would have to do till consumers are "shown" (like the "man from Missouri") when they will certainly demand their "right to their share" of the capital stock—the ownership of capital stock, to have "10 per cent dividends" being a "privilege" and not a "requirement."

The natural way of raising the $10,000 capital would be as follows:

The milk product is 16,000 quarts a day; capital wanted $10,000. That is in the ratio of 16 quarts of milk a day to $10 capital. So the farmer who produces 80 quarts a day would subscribe for $50 in capital stock, and all other farmers do the same in the same *ratio* of milk and dollars. Each would simply deliver milk and let the corporation collect and keep the money until the subscribed capital is paid for; in less than half a month, at 6 cents a quart, the capital would be paid in, and the farmers from that time on would get their money as often

as they choose to collect, instead of *part* of it at the end of forty-five days.

If some farmers were "too poor" to put up their little proportion of capital, their "right to purchase" capital shares would go to other farmers (or to outsiders) who could spare the money and would be glad to get the 10 per cent dividends.

If "10 per cent" dividends is thought "paying too high" for money, it may be answered it is only "from one pocket into the other," if each invests *his share*—as he *has a right to do* whenever he is ready to do it. Further, 10 per cent on $10,000 capital is only $1,000 a year, while the yearly dividend to producers and consumers of 16,000 quarts a day is estimated (3 cents a quart) at $175,200—so the "10 per cent" dividend "cuts a very small figure!" If capital is to be $20,000, or even $50,000, ratio would be increased accordingly.

Let us look at some other facts and figures of interest to producer and consumer.

Each of these two hundred farmers buys every year, of stock, feed, fertilizers, farm machinery, etc.—make a very low estimate of $300 a year, which equals a total of $60,000. He buys also of home supplies, food, clothing, etc., say $400 a year, which equals a further total of $80,000 or gross $140,000.

The 8,000 families of milk consumers buy also, of home supplies, say $400 each, or a total of $3,200,000 a year.

As in previous pages noted, it is most natural common sense for these producers and consumers who find co-operation in milk so satisfactory, that they co-operate also in regard to other home supplies.

The consequence is, that the farmers establish a co-operative store to handle that $140,000 a year of needed things for themselves (and possibly two or three times as much for their neighbor farmers) and the corporation also establishes for the 8,000 consumers' fam-

ilies possibly as many as eight stores, one for each 1,000 families, convenient of access. These nine stores, serving 8,200 families, buying a total of $3,340,000 a year, will naturally buy together, and divide purchases among the several stores, thus getting for each the lowest possible cost. (These stores could deliver a large portion of the milk at a good profit, even for a margin of one cent a quart.)

Of course these nine stores each requires some capital to carry stock of standard goods such as are daily wanted, say $2,000 each, for small stock, or $5,000 if capital is plenty, which equals $18,000 to $45,000 for store capital. This capital may be raised in same manner as the milk money capital, each producer or consumer having the "right to subscribe" in proportion to his dealings with the corporation.

But let us look ahead a little bit:

After one, or two, or three years it is the most natural thing in the world that the 200 farmers and 8,000 consumers have grown by gradual accretion from one pleased neighbor to another, to 1,000 farmers and 40,000 consumers, and indefinite expansion may be anticipated.

So it may be sensible to expand the capital stock of the Producer and Consumer Corporation from $10,000 to $100,000 or even more. It does not need to be paid in except as wanted, or is expedient to use.

But the prime object of the organization is not to earn big dividends on big capital, but to *save* producers and consumers in the cost of their purchases—save their legitimate earnings from the *wasting* clutches of needless "middle men." So instead of trying to attract capital by offering big "10 per cent" dividends, let us see if we cannot find a better way, and get capital for the corporation as *cheaply* as we can.

Start in the natural way with the two hundred farmers

whose milk the corporation buys, and who have not been used to getting their pay daily but used to getting a *part* of their due at the end of forty-five days—and even of that money most of them have saved a little and it is lying in bank unused, and *drawing no interest* —as banks usually do not pay interest unless money is left some months, and each farmer knows he is "liable to want to use" the money, and so deposits subject to call, and gets no interest. It is a low estimate that these two hundred farmers *average* $200 each of "idle money" in banks and pockets, which equals $40,000 "idle money." And the 8,000 milk consumers will perhaps average as much ($1,600,000 more idle money), though more of them will have savings banks accounts, where, however, only "undisturbed" balances draw interest—and they get less interest than this corporation can earn for them.

Let the corporation instead of keeping expensive and laborious "ledger accounts" with each farmer who delivers milk, pay them daily in Profit Sharing Certificates in form similar to following (we give idea, not technical words):

FRONT OF WORKING CAPITAL FUND CERTIFICATE

"There is due   of
for supplies, cash, or other value received by the corporation the sum of

TWO DOLLARS (or as specified)

with annual interest, compounded semi-annually, as follows: after one month from date, 3 per cent; after three months, 4 per cent; after six months, 5 per cent; payable on surrender hereof properly indorsed, on conditions printed on the back hereof. Signed by president and treasurer of the corporation and countersigned by clerk issuing this certificate."

BACK OF WORKING CAPITAL FUND CERTIFICATE

"The other side is on following conditions: On presentation, properly indorsed, it is payable from the assets of the corporation (only) in advance of any dividends to capital stock, or of any profits to producers or consumers; certificates payable in order of presentation; the corporation has the right to defer payment temporarily, in an emergency."

The farmers put these in their pockets the same as money; when they want money they present certificates, and get it; or they pay them, instead of money, for goods at the corporation store; or they pay to any one they have occasion to pay, and he collects, or pays out in the same way. Whoever has a certificate that is twenty days old is likely to hold it, if convenient, ten days more and get the 3 per cent it has earned (a small matter, but *that much,* and "many littles make the muckle," which gratifies human nature); a certificate that has been held two months is likely to be held another and then get its 4 per cent; and so on. By this means the $40,000 or more "idle money" of the farmers will gradually accumulate in these Profit Sharing Certificates.

To the extent the corporation can *use* "capital" to advantage, it may *sell* these certificates to any of its producer-consumer members who have "idle money," little or much, in sums to suit—$10, $100, or $1,000; if "takers" choose to invest, for a *definite time,* making them payable *after* three months, or after one year, from date, the corporation may well pay ½ per cent more interest on them. Thus the consumers' $1,600,000 "idle money" will gradually accrue in this form.

The corporation's many thousand little sources of income aggregate a large total, and while the big city banks will not pay interest on the petty balances of individuals, the corporation on its large *aggregate* balance can read-

ily get 3 to 4 per cent from some of the big solid city trust companies on *its daily balances.*

But it can do better than that, on most of its money, for itself and for its producer-consumer constituents. Instead of their paying (through the corporation) "10 per cent" dividends for the use of capital, they will pay an average of probably less than 4 per cent to their producer-consumer patrons, for the many thousand dollars the corporation invests in "store" stocks carried, and selling thousands of dollars a day, in its several producer-consumer stores.

To the extent the corporation gets "capital" in this way beyond its need to use, as above, it may invest a part of it, such as experience shows to be safe from being "called for," in more permanent form, where it will earn 6 per cent or more—which earnings go, of course, to increase the "monthly dividends" to producer-consumer patrons.

For instance, if farmers are to get 4½ cents for milk instead of 3 cents, as now, a farmer who has eight cows (his own, paid for) is very likely to want to increase his herd to twelve or fifteen cows. The extra cows at $75 each will call for $300 or $600. A "15 quart cow" is ready sale, any day, at auction for about $75; a 20 quart or a 30 quart cow commands price in proportion. He buys his eight extra cows, then sells the whole herd of sixteen to the corporation for a price safely below real value (to make the corporation absolutely secure) say for $800, with the right to keep them, to feed and care for them, at his own cost, and re-purchase them, paying, say by two cents a quart on their milk product which he delivers to the corporation, the re-purchase price netting the corporation its investment plus 6, or other, per cent per annum, which the "highest bidder" will pay for money supplied in this way.

Not one farmer in ten now has a silo, which is a great promoter of milk production, and a great source of

economy in production, so that *every* farmer wants a silo, and could *well* afford to pay even 10 per cent per annum for money to build rather than do without, and the majority of them want and need larger and better buildings and other farm improvements that would earn them big interest on the cost. Probably our "two hundred charter member" farmers could profitably borrow, and give good land mortgage or other security for $100,000, possibly $200,000 or more.

And without doubt many of our "eight thousand charter member" milk consumers are situated so they could use an aggregate of great sums of money, profitably, for which they could give good security.

In this form of certificates for "idle money" the petty sums of thousands of individuals are made always "available" because largely invested in "liquid" assets and solid securities, or are in bank drawing interest, and yet earn, or save, producers and consumers more than they get now—better, all things considered, than savings banks, or building and loan associations do or can pay them.

The sum of it all is: Producers and consumers have their own "economic fate" in their own hands, whenever they choose to exercise the little common sense and will-power needed to "get together." No need whatever to wait for "legislation"—which often only muddles and "mixes things up" and makes them worse—makes salaries and jobs for politicians and "favorites"—always distracts from efforts at "self help," which is already simple and easy. No need whatever to growl and whine about the "35 cent dollar" and the rapacious "middleman." Just reach out and *take* the 100-cent dollar, producer and consumer "shaking hands" direct—and "shaking" the needless "middleman" so far as we do not employ him as "chauffeur" to deliver milk, as store-keeper, clerk, etc., etc. Don't worry about what the "middleman" will do; he has shown his ability to take care of

himself—he will turn producer, and "hustle out" some of the shiftless farmers and mechanics by his industry, vigilance, skill and general "get there" ability.

OTHER WAYS AND MEANS

The details of this Square Deal in Milk are, of course, capable of almost infinite variation and possible improvement.

For instance: Instead of limiting dividends on capital to 10 per cent, *all* the profits might equitably be distributed in that manner, in which case, if retail prices were maintained as now, and "working capital co-operative fund" heavily built up at possibly 4 per cent, average, dividends on capital might mount to several hundred per cent. As each patron has the "right to own" capital stock in proportion to his patronage, the amount of capital stock would be so minutely divided there would be only a petty amount for each, and each, if at all inclined to "thrift," could easily own his share, so there would be no injustice to anybody—only dividends from one pocket into the other pocket.

But instead of maintaining needlessly high retail prices and turning consequent profits back in dividends, retail prices might, in preference, be lowered, or prices to "producers" might be correspondingly increased.

After the Industrial Republic Corporation has developed to so large a growth as to be a virtual "monopoly" (for the benefit of all, therefore no hurt or wrong to anyone) in its field, instead of itself being regulated by "supply and demand" *market* prices, a natural way to fix prices to both producers and consumers would be as follows:

A producers' committee (say of three—"too many cooks spoil the broth") could be elected by votes of all who sell to the corporation, each with a vote having

weight in proportion to his sales, as in the case of capital stock ownership.

Also a consumers' committee could be similarly chosen by votes of all who purchase from the corporation.

These two committees could fix prices to both producer and consumer by majority vote, or in a case of a "tie" could appoint referees in the usual manner.

LOCAL TRANSPORTATION

It is a present custom of our two hundred milk-producing farmers, that once a day each hitches up a one- or two-horse wagon and drives to the station with his milk. Sometimes two or more farmers "club" and haul with one team. But it is a general rule that from one to two or three hours of a busy day is "spoiled" by carting milk. Two hundred farmers $\times$ 1½ hours = 300 hours at 25 cents an hour = $75 a day, counted in milk, even at 3 cents a quart = 2,500 quarts of milk "spilled!"

Instead of this the corporation will invest in the necessary number of (2-ton?) motor milk trucks, built for the purpose, which will be run *all* day (perhaps double-shift, two "teams" of men—the truck does not get tired,—16 or 20 hours) which will not only collect the milk which is shipped to the city twice a day, at least, but will carry *to* the farmers their feed, fertilizers, store supplies, meat from butcher, etc., and even their mail from the post office, two or three times a day—the vaunted R. F. D. is "child's play," and outrageously expensive, compared with this "self-service" of the corporation! (Some people seem to think that *somebody else*—"Uncle Sam"—pays for the expensive R. F. D. carrier. *Of course* it comes out of the *taxpayer*, especially the *small* taxpayer.)

Experience would soon show what is the cost of running the motor truck, per hour, and per mile. Each patron's distance from station is measured and known, and

a tariff of rates is made safely profitable, per package, per 100 pounds, extra time off the road, or for needless waiting, etc., so that each patron will pay his just share. And as the corporation does this "cartage," not for "profit," but for "service," a systematic account is kept of receipts and cost of running, and once a year a dividend of such *profits* as the "Truck Service" shows is divided between the "chauffeurs" (for keeping down cost of gasoline, tires, etc.) and the patrons, in equitable portions based on what each has paid or done.

A RIVER OF MILK

The Big-City End of "A Square Deal in Milk"

How big a "river of milk" would three million quarts a day make, flowing at two miles an hour (fair speed for a river)? Quite a stream! New York City *ought* to have for its health, perhaps *would* have if cost, delivered, were what it should be, nearer *twice* three million quarts a day.

Without stopping at all to "bewail" and pity the milk-starved, dying babies, or to criticize the semi-idiotic (not to say cruel, wicked) business methods now used to serve city milk consumers, let us read once more "A Square Deal in Milk" and get familiar with the *country end,* and then proceed to make rational plans to get:

The best milk
at least cost
to all city consumers.

Start with the fundamental principles and plans of "Uncle Sam's Automatic Railroad Regulator"; as the nation "finances" the railroads, and the Men Who Pay the Freight "operate" the roads, for "utmost efficiency and least cost," so let the city finance a

NEW YORK CITY MILK CONSUMERS CORPORATION

and organize, also in a similar way, the Milk Consumers to "operate" the business, thus putting in charge the exhaustless, resourceful power of "self-interest" to "get results" right and cheap.

Start with one million dollars capital, all to be held by the city, the members of the "Board of Estimate" acting *ex officio* as "Ownership Board" of Directors, similar in plan to "Ownership Board" in railroad plans.

Then let the milk consumers of the city, each family

having one vote, and an additional vote for each additional $100 a year paid for milk—let these meet once a year in each election district and each vote for his personal choice for one director for the Milk Corporation. The best business men of the city would be candidates.

Hotel men, restaurant men, using thousands of dollars a year worth of milk, would naturally be specially active to see good men elected. The result would be several hundred, possibly several thousand, "directors" would be chosen. Let each of these men have weight of vote in proportion to the number of votes by which he is elected, and let these men meet and ballot repeatedly among themselves, as may be necessary, until the number of directors is reduced to (say) seven, each of whom will have power and weight of vote in the New York City Milk Corporation Board of Directors according to the "cumulative" number of votes by which he is elected. This would put in absolute charge of the corporation business, subject to the "veto" power of the "Ownership Directors," the ablest business men of the city, the really dominating minds, as estimated by the milk consumers, in control, "minority representation" being also present in equitable proportion.

These seven Operating Directors, with the fullest powers of any business board of directors, subject only to the "veto" power of the Ownership Directors, will organize and "district" the city and employ one first class business manager, with ample salary to warrant "the best," and such assistant managers and other employees as will be necessary to conduct the gigantic business—3,000,000 quarts a day, even at 10 cents a quart, would be $300,000 a day, over one hundred million dollars a year.

Note that none of these men will be of "political" standing. They will be put there by the "self-interest" of milk consumers, to secure best possible milk service at least possible cost, and there will be no temptation to

pay extravagant salaries and give "sinecure" positions to "favorites."

The Milk Corporation will have a right to the absolute monopoly of milk service of the city, but may, and will, permit such other service as will not conflict with the best service of the public generally. The "going milk business" will necessarily be taken over *as it is,* and "make the best of the situation."

The first, temporary, move will be to "district" the entire city and "license" and temporarily contract with, the milk men now serving so that each shall serve *exclusively* within the district he contracts for, supplying milk of specified quality at specified price, amply and promptly, to all wanting service. This arrangement should *at once* "cut out" probably fully one-half the present labor and expense of delivery and cut the cost to consumers from two cents to five cents a quart. "Licensed stores," only, should be allowed to sell milk on conditions and at prices specified, each having such ample territory as would warrant and compensate "best" service.

"Permanent plans" of the Milk Corporation should be a vast improvement on this temporary arrangement, and should still further reduce cost and improve service.

"Rome was not built in a day" and "scientific, up-to-date service," and "scientific management," could possibly come about only gradually, but rapidly.

The present big sterilizing plants would be taken over as soon a possible, altered, improved, enlarged as necessary for most perfect service. Present owners would, of course, be justly compensated. The present vastly expensive and clumsy "bottling methods" (to be retained perhaps in a limited way) would mostly be replaced by better and far less expensive methods.

Some hundreds (thousands before through with) of gigantic "thermos-bottle" automobile milk trucks, 2-ton to 5-ton capacity (2,000 to 5,000 quarts, or over) would be built—see general plans under "A Square Deal in

Milk" (page 72). These purified at intervals by scalding steam and cooled by ample water and ice, would have the various grades of milk and cream "piped" into them at the sterilizing plants. The big trucks, especially, would serve hotels, restaurants and stores, "piping," under washed and cooled air pressure, required supplies into similar "thermos-bottle tanks," not on wheels, at the stores, etc. There, each local plant, being equipped with power and heat, streams of water and ice, would "faucet" or "pipe" the milk to patrons in suitable receptacles of glass, aluminium or tin. Cleanliness and sanitation would be perfect, cost of service greatly reduced. The smaller milk trucks would serve households direct, taking the place of the clumsy and ridiculously expensive milk-wagon service.

Next, to get the milk from the distant farms, of best possible quality and at "just price." Necessarily we must start with things as they are, and gradually improve upon them.

Gradually introduce into the country at the creameries the "gigantic thermos-bottle" idea, also into the cars for transportation, instead of the clumsy, far more expensive "40-quart milk cans." Thus milk could always be piped, aerated, cooled, far more rapidly, more cleanly, less expensively, reducing cost to consumers, while improving service.

"The price of milk at the farms," what of that? A *just,* even *liberal* price *must* be paid, or adequate supply cannot possibly be maintained. It is ridiculous folly on both sides to have "milk strikes" in city or country.

To KNOW what "just price" is, and to help promote adequate, quality, economic, milk production, the Milk Corporation should directly own and conduct a number of "experimental farms" under varying conditions, and should "tempt" individual enterprising farmers to "test" plans and "show results" by "prize" or "premium" offers. It can especially "finance" some of them, helping to en-

large or improve herds, build silos, buy land for pastures, drain, develop, improve, in any direction that may possibly benefit milk supply.

The Milk Corporation starts with a million dollars capital and the city supplies further as "need" and "results" warrant. Whatever "per cent" that capital costs the city (certainly less than half the average cost to individual enterprises) the Milk Corporation must charge milk consumers such price as will pay all expense of service, up-keep of plant, and such "dividend" to capital as the city pays in interest. No "subsidy," no "charity" is desirable in connection with the New York City Milk Corporation "River of Milk."

Cost of milk delivery through "licensed stores" should certainly be under 1 cent a quart, and delivery by 2-ton milk trucks serving *every* house and apartment they pass should be under 2 cents a quart; these items added to wholesale price to farmers should bring highest cost to consumers, even under present "war conditions," down to 12 cents and near 10 cents, and when "normal times" come again, prices would of course be still lower.

"WHY STOP AT MILK?"

"One thing at a time and that well done leads to excellence" is a good, wise old "copy-book" motto!

Make a "thorough job" of the milk program and when that is done, just change the one word "milk" in the title of our corporation and make it "New York City *Commodities* Corporation" and buy and supply all farm products in the same way, build mammoth "abattoirs" and supply the city's meat and "beat the meat trust" and the foolishly expensive "private meat shop" methods (bad as present milk methods), and so on with all "commodities" in universal use.

The "economic millenium" is not yet here, and will never come by "just talk," but it is easily within the reach of ordinary mortals by "practical sense" effort.

SELF-HELP THE BEST KIND OF HELP

A famous poet credits an ancestor of the writer with the wise saying (not original, evidently, as he quotes it):

> "If you would be well served,
> Serve yourself, and do not leave it to others."

Newspapers of all classes—Republican, Democratic, Progressive, Religious, Agricultural—are "chock full" of complaining, arguing, prodding, etc., because of economic and other conditions, and seemingly nearly everybody looking to Congress and legislatures to "set right" the "time . . . out of joint."

But *is* there, in fact, a cloud or other trouble in the economic sky which it is not now, without further legislation, easily within the power of those who are interested to "get together" and dispel, or overcome, far better than there is hope for legislators to do for them in the next hundred years?

As an example take the greatest, latest "achievement," the Parcel Post, against which nothing need be said, except to point out the easy practicability of something else ***infinitely better.***

Here are the facts:

After years of clamor by "the people," Congress has provided that we may ship the little limit of 20 pounds (the original law) 300 to 600 miles for the sum of a little over 4 cents a pound = $4.15 per 100 pounds.

Before us lies a routine freight quotation, 100 pounds 400 miles for 28 cents (instead of $4.15)—or the *same* in "carload lots" for 13 cents per 100 pounds, and there is no 20-pound "limit" as to weight of package. Here is "bloated monopoly" railroad service at about one-thirty-second the cost of Government service!

The only advantage the Government gives is "local

delivery." It would be a "cinch" to contract for such local delivery, an average of three miles, at the railroad's charge for 400 miles, and thus "deliver," including freight, for one-sixteenth the charge made by beneficent "Uncle Sam"! "Uncle," it is expected, will do the job "at a loss"!

And it would be hard to name an article in general use which it is not easily practicable to have brought into any community within 400 miles of New York at "car-load lot" cost of freight—shipped with other goods, of course, to the local stores of the "Industrial Republic"—coming, now, in that quantity every day in the week, to merchants. Thus with the "self-help" of co-operation Parcel Post becomes almost entirely needless, the self-help being "on the spot" and far-away the cheaper.

Are we a lot of impotent imbeciles that we can not get together and serve ourselves, when the service desired is a nearly universal want, and the matter is so simple as handling packages?

Why not "stop howling" awhile and get together and serve ourselves?

POST SCRIPTUM

"Profitable Patriotism"?! Words of reproach? Opprobrious possibly, sometimes. It depends on the thing done.

Again such patriotism is glorious—highest honor. For, not only is "godliness profitable" in the religious sense, but also in the economic sense, and so also is "patriotism profitable," to the nation, the state, the community—to the patriot's children, though *he* may have suffered in body and estate.

This book can hardly be "profitable" to the writer, in money—will probably take dollars where it brings dimes —nor is it desired that it sould "pay." It has given him "big" pleasure *trying* to be of service to other "patriots," —the mass of American people.

And "there's billions in it" of real "dollar profits" (laws of logic and immutable mathematics demonstrate it) for the "Men Who Pay the Freight." Scores of billions of dollars for honest, thrifty Savings Bank depositors, when they force "statesmen," by public opinion, to give depositors justice, to "unshackle the Postal Savings Bank," as herein proposed.

We have yet to hear from an editor, economist, legislator, or common "man of sense," in disapproval of any essential herein proposed (of course, details may be varied and improved—will be), with "any reason why not that will hold water better than a sieve"!

But you "haven't noticed" newspaper pages "ablaze with the fire of agitation for a good cause"—for right and justice? A few editors have spoken out in hearty commendation—not one against.

Most editors seem "afraid," want first the "consent of the *governing*" financiers and politicians—want to see, first, "which way the cat will jump"!

JUSTICE AND PRACTICAL SENSE

Editors widely print and laud the bragging bulletins of our present *shackled* Postal Savings Bank, which is hardly short of a "contemptibly small iniquity" as compared to the "real thing" an *unshackled* Postal Savings Bank would be.

"A conspiracy of silence" reigns over editors and legislators generally—perhaps no wonder, since "silence" is the only safe answer to our argument.

"W. S. S." (War Savings Stamps) are "boomed" abundantly (properly, justly so) but no mention is made of an *unshackled* Postal Savings Bank (which would produce $10 to $50 where W. S. S. produce $1) to which scores of millions of depositors would flock like hungry men to a feast, were opportunity given, without need of being "prodded" to patriotic saving!

Now it is "up to you" to help "wake up" editors and Congressmen. Write and ask them "why not?" Tell them:

"I vote for an unshackled Postal Savings Bank."

"I vote for Uncle Sam's Automatic Railroad Regulator."

Get others to do the same.

The "powers that be" will "get busy" when *you* get busy!

J. B. A.

If you want this book, or any printed matter we have, to distribute, you can have at bare cost thereof.